

CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2003

Prepared by:
Finance Department

City of Concord, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003

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Certificate of Achievement

CITY OF CONCORD, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett

Mayor

David W. Phillips

Mayor Pro Tempore

W. Lamar Barrier
Alfred M. Brown
Randy Grimes
Hector H. Henry, II
Jim Ramseur
Allen T. Small

W. Brian Hiatt

City Manager

Joyce A. Allman

Finance Director

Albert Benshoff

City Attorney

Vickie C. Weant

City Clerk

Organizational Chart

Independent Auditor's Report

To the Honorable Mayor and
the Members of City Council
City of Concord, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the "City"), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City of Concord ABC Board, the component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the City's component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and for the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (pages 13-24) and the required supplementary information (pages 70-71) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Concord, North Carolina's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements, statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Greensboro, North Carolina
September 23, 2003

STATEMENT OF NET ASSETS
June 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 31,129,542	\$ 29,645,697	\$ 60,775,239	\$ 1,081,434
Receivables, net	3,903,988	9,429,966	13,333,954	-
Inventories	57,917	3,827,765	3,885,682	513,356
Prepaid expenses	11,042	569,635	580,677	18,977
Restricted assets - cash and investments	1,629,451	12,846,101	14,475,552	-
Loans receivable, noncurrent	-	1,601,768	1,601,768	-
Capital assets:				
Non-depreciable	34,009,249	59,826,244	93,835,493	20,000
Depreciable, net	327,257,536	180,654,332	507,911,868	177,881
Bond issuance costs, net	121,362	6,982,971	7,104,333	-
Total assets	398,120,087	305,384,479	703,504,566	1,811,648
LIABILITIES				
Accounts payable and accrued liabilities	2,712,607	5,922,040	8,634,647	229,615
Accrued interest payable	106,594	521,880	628,474	-
Unearned revenues	770,194	175,866	946,060	-
Non-current liabilities:				
Due within one year:				
Long-term debt	3,835,937	6,286,013	10,121,950	-
Long-term installment purchases	962,721	232,916	1,195,637	-
Due in more than one year:				
Long-term debt	31,009,566	130,665,497	161,675,063	-
Long-term installment purchases	743,192	120,839	864,031	-
Deposits	113,051	1,045,761	1,158,812	-
Total liabilities	40,253,862	144,970,812	185,224,674	229,615
NET ASSETS				
Invested in capital assets, net of related debt	326,719,238	111,465,919	438,185,157	197,881
Restricted	3,199,679	12,846,101	16,045,780	-
Unrestricted	27,947,308	36,101,647	64,048,955	1,384,152
Total net assets	\$ 357,866,225	\$ 160,413,667	\$ 518,279,892	\$ 1,582,033

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,546,553	\$ 1,475,431	\$ -	\$ -
Public safety	20,091,084	513,134	136,880	-
Public works	24,824,155	65,789	2,057,965	5,181,108
Cultural and recreational	3,280,271	239,248	-	-
Planning and community development	3,710,036	268,738	-	-
Administration	433,935	-	-	-
Housing assistance payments	3,151,869	13,642	3,485,202	-
Rehabilitation	953,413	451,471	863,442	-
Professional services	39,112	-	-	-
Protective services	19,222	-	-	-
Interest expenses	2,850,591	-	-	-
Total governmental activities	63,900,241	3,027,453	6,543,489	5,181,108
Business-type activities:				
Electric	41,331,094	46,526,293	-	-
Water	11,327,235	11,645,255	-	2,095,502
Wastewater	10,595,555	9,361,373	-	2,417,480
Regional airport	6,602,063	5,186,380	-	2,963,849
Other nonmajor business-type activities	3,137,548	1,830,160	702,066	-
Total business-type activities	72,993,495	74,549,461	702,066	7,476,831
Total primary government	\$ 136,893,736	\$ 77,576,914	\$ 7,245,555	\$ 12,657,939
Component unit - City of Concord, ABC Board	\$ 4,254,189	\$ 4,436,443	\$ -	\$ -
General revenues:				
Taxes:				
Ad valorem				
Other				
Grants and contributions not restricted to specific programs:				
Intergovernmental				
Other				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (3,071,122)	\$ -	\$ (3,071,122)	\$ -
(19,441,070)	-	(19,441,070)	-
(17,519,293)	-	(17,519,293)	-
(3,041,023)	-	(3,041,023)	-
(3,441,298)	-	(3,441,298)	-
(433,935)	-	(433,935)	-
346,975	-	346,975	-
361,500	-	361,500	-
(39,112)	-	(39,112)	-
(19,222)	-	(19,222)	-
(2,850,591)	-	(2,850,591)	-
(49,148,191)	-	(49,148,191)	-
-	5,195,199	5,195,199	-
-	2,413,522	2,413,522	-
-	1,183,298	1,183,298	-
-	1,548,166	1,548,166	-
-	(605,322)	(605,322)	-
-	9,734,863	9,734,863	-
(49,148,191)	9,734,863	(39,413,328)	-
-	-	-	182,254
26,486,974	-	26,486,974	-
8,098,765	-	8,098,765	-
2,576,506	-	2,576,506	-
496,272	-	496,272	-
555,721	1,203,038	1,758,759	12,881
(913,044)	(167,746)	(1,080,790)	1,985
(796,492)	796,492	-	-
36,504,702	1,831,784	38,336,486	14,866
(12,643,489)	11,566,647	(1,076,842)	197,120

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2003

ASSETS	General	Public Roadway Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 24,235,518	\$ 3,684,747	\$ 3,209,277	\$ 31,129,542
Receivables:				
Ad valorem taxes, net	891,729	-	727	892,456
Due from other governmental agencies	2,146,236	-	24,576	2,170,812
Sales tax refunds	136,518	33,938	28,940	199,396
Interest	76,749	-	5,757	82,506
Due from other funds	3,311,573	-	7,181	3,318,754
Other, net	159,155	-	217,240	376,395
Inventories	57,917	-	-	57,917
Prepaid items	8,751	-	2,291	11,042
Restricted assets- cash and investments	-	-	1,629,451	1,629,451
Total assets	\$ 31,024,146	\$ 3,718,685	\$ 5,125,440	\$ 39,868,271
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 2,221,658	\$ 70,720	\$ 420,229	\$ 2,712,607
Due to other funds	-	-	3,136,331	3,136,331
Deferred revenues	1,661,923	-	727	1,662,650
Deposits	113,051	-	-	113,051
Total liabilities	3,996,632	70,720	3,557,287	7,624,639
Fund Balances				
Reserved by State statute	5,746,329	33,938	501,348	6,281,615
Reserved for encumbrances	861,570	-	-	861,570
Reserved for streets, Powell Bill	1,403,242	-	-	1,403,242
Reserved for other specific uses	109,069	-	-	109,069
Reserved for inventories	57,917	-	-	57,917
Unreserved:				
Designated for subsequent year's expenditures	1,529,994	-	-	1,529,994
Undesignated				
General fund	17,319,393	-	-	17,319,393
Public roadway capital project fund	-	3,614,027	-	3,614,027
Special revenue funds	-	-	2,610,695	2,610,695
Debt service	-	-	(1,543,890)	(1,543,890)
Total fund balances	27,027,514	3,647,965	1,568,153	32,243,632
Total liabilities and fund balances	\$ 31,024,146	\$ 3,718,685	\$ 5,125,440	\$ 39,868,271

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2003

Fund balances - total governmental funds	\$ 32,243,632
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	545,854,761	
Less accumulated depreciation	<u>184,587,976</u>	361,266,785

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Bond issuance cost	151,702	
Less accumulated amortization	<u>30,340</u>	121,362

Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental fund

Governmental bond payable	(32,962,996)	
Governmental installment purchases	(1,705,913)	
Accrued vacation payable	(1,882,507)	
Accrued interest payable	<u>(106,594)</u>	(36,658,010)

Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements

Deferred revenues		<u>892,456</u>
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Net assets of governmental activities	<u><u>\$ 357,866,225</u></u>
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See Notes to Financial Statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES

Year Ended June 30, 2003

	General	Public Roadway Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 26,303,977	\$ -	\$ 59,372	26,363,349
Other taxes	8,098,765	-	-	8,098,765
Unrestricted intergovernmental revenues	2,190,806	-	-	2,190,806
Restricted intergovernmental revenues	2,663,930	-	4,718,705	7,382,635
Licenses and permits	1,548,846	-	-	1,548,846
Contributions	-	430,856	65,416	496,272
Investment earnings	499,385	-	56,336	555,721
Investment earnings, restricted	12,244	-	-	12,244
Program income	-	-	465,113	465,113
Other revenues	1,115,165	-	21,272	1,136,437
Total revenues	42,433,118	430,856	5,386,214	48,250,188
Expenditures				
Current:				
General government	3,359,490	-	-	3,359,490
Public safety	18,563,975	-	-	18,563,975
Public works	6,340,360	-	-	6,340,360
Cultural and recreational	3,025,981	-	-	3,025,981
Planning and community development	3,578,589	-	59,372	3,637,961
Administration	-	-	433,935	433,935
Housing assistance payments	-	-	3,151,869	3,151,869
Rehabilitation	-	-	953,413	953,413
Professional services	-	-	39,112	39,112
Protective services	-	-	19,222	19,222
Capital outlay	2,543,353	2,557,851	574,421	5,675,625
Debt service	1,765,613	-	3,210,946	4,976,559
Total expenditures	39,177,361	2,557,851	8,442,290	50,177,502
Revenues over (under) expenditures	3,255,757	(2,126,995)	(3,056,076)	(1,927,314)
Other Financing Sources (Uses)				
Proceed from debt issuance	198,027	-	-	198,027
Transfers from other funds	12,786	-	5,425,948	5,438,734
Transfers to other funds	(4,696,181)	-	(1,539,045)	(6,235,226)
Total other financing sources (uses)	(4,485,368)	-	3,886,903	(598,465)
Net change in fund balances	(1,229,611)	(2,126,995)	830,827	(2,525,779)
Fund Balances				
Beginning	28,257,125	5,774,960	737,326	34,769,411
Ending	\$ 27,027,514	\$ 3,647,965	\$ 1,568,153	\$ 32,243,632

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2003

Net change in fund balances - total governmental funds \$ (2,525,779)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	11,098,878	
Current year's depreciation	<u>21,964,788</u>	(10,865,910)

Repayment of long term debt principal are considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net assets.

Principal payments		2,095,855
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund

Current year amortization of bond issuance costs	(6,068)	
Change in accrued interest payable	30,113	
Change in long-term compensated absences	<u>(302,112)</u>	(278,067)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		123,625
--	--	---------

Proceed from the issuance of debt		(198,027)
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Net effect of sale of capital assets to decrease net assets		(1,150,489)
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Internal service funds are used by management to charge the costs of certain activities to individual funds

The net income of the internal service funds reported within governmental activities		<u>155,303</u>
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Change in net assets of governmental activities		<u><u>\$ (12,643,489)</u></u>
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See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 25,190,515	\$ 25,190,515	\$ 25,475,472	\$ 284,957
Prior years	652,500	601,184	631,714	30,530
Penalties and interest	180,000	180,000	196,791	16,791
	26,023,015	25,971,699	26,303,977	332,278
Other taxes:				
Local government sales tax	7,600,000	7,936,000	8,098,765	162,765
Unrestricted intergovernmental revenues:				
Officers' fees	50,000	55,000	55,890	890
Utilities franchise tax	2,000,000	1,734,000	1,874,210	140,210
Beer and wine tax	200,000	248,540	248,541	1
Intangible property tax	458,000	-	-	-
Food stamps sales tax	12,881	-	-	-
Payments in lieu of taxes	3,600	3,600	3,727	127
Senior citizens exclusion refund	25,108	-	-	-
Inventory exclusion refund	1,167,000	-	-	-
Fire protection	6,600	6,600	8,438	1,838
	3,923,189	2,047,740	2,190,806	143,066
Restricted intergovernmental revenues:				
State Street-Aid allocations	1,886,000	1,859,902	1,859,902	-
FEMA	-	366,827	366,827	-
Department of Justice	86,085	111,116	130,596	19,480
Cabarrus County schools	95,000	95,000	114,502	19,502
Transportation (federal, state and local)	239,330	239,330	185,819	(53,511)
Other restricted intergovernmental revenues	21,000	6,000	6,284	284
	2,327,415	2,678,175	2,663,930	(14,245)
Licenses and permits:				
Vehicle licenses	200,000	238,151	230,070	(8,081)
Zoning permits	150,000	245,000	274,093	29,093
Cable franchise	325,000	371,022	371,022	-
Fire permits and inspections	90,000	73,000	73,415	415
Privilege license	500,000	575,000	579,602	4,602
Other	9,500	23,061	20,644	(2,417)
	1,274,500	1,525,234	1,548,846	23,612
Investment earnings	818,579	818,579	499,385	(319,194)
Investment earnings restricted	20,000	20,000	12,244	(7,756)

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general revenues:				
Public safety	\$ 321,053	\$ 358,538	\$ 325,217	\$ (33,321)
Environmental protection	179,300	234,425	252,444	18,019
Miscellaneous	280,351	301,082	281,962	(19,120)
Recreational	309,850	318,067	239,248	(78,819)
Economic development	22,000	22,000	16,294	(5,706)
	1,112,554	1,234,112	1,115,165	(118,947)
Total revenues	43,099,252	42,231,539	42,433,118	201,579
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	100,859	93,142	91,737	1,405
Operating expenditures	109,175	103,498	92,710	10,788
Capital outlay	7,000	7,000	5,429	1,571
Governing body cost allocations	(108,517)	(108,517)	(94,938)	(13,579)
	108,517	95,123	94,938	185
Administrative department:				
Salaries and employee benefits	493,419	503,889	500,295	3,594
Professional services	185,150	155,150	134,523	20,627
Operating expenditures	94,850	84,380	74,829	9,551
Capital outlay	4,000	15	-	15
Administrative cost allocations	(332,214)	(331,195)	(305,612)	(25,583)
	445,205	412,239	404,035	8,204
Public Service administration department:				
Salaries and employee benefits	126,832	126,169	125,965	204
Professional services	4,300	7,850	7,797	53
Operating expenditures	188,885	206,111	204,815	1,296
Debt service	289,029	288,310	288,310	-
Administrative cost allocations	(426,333)	(426,333)	(438,820)	12,487
	182,713	202,107	188,067	14,040
Finance department:				
Salaries and employee benefits	596,410	596,579	519,273	77,306
Professional services	62,197	87,417	85,916	1,501
Operating expenditures	80,113	59,805	43,372	16,433
Capital outlay	14,250	2,370	2,370	-
Finance cost allocations	(365,254)	(365,254)	(314,984)	(50,270)
	387,716	380,917	335,947	44,970

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department:				
Salaries and employee benefits	\$ 85,224	\$ 106,384	\$ 102,280	\$ 4,104
Professional services	6,950	9,198	8,838	360
Operating expenditures	104,421	81,013	69,684	11,329
Capital outlay	2,200	-	-	-
	198,795	196,595	180,802	15,793
Legal department:				
Salaries and employee benefits	108,972	112,171	112,044	127
Professional services	53,200	44,813	33,501	11,312
Operating expenditures	17,854	18,042	7,995	10,047
Capital outlay	2,500	5,000	-	5,000
	182,526	180,026	153,540	26,486
Human resources:				
Salaries and employee benefits	307,717	317,781	316,704	1,077
Professional services	247,810	235,235	116,160	119,075
Operating expenditures	106,912	112,343	69,646	42,697
Capital outlay	13,250	2,000	-	2,000
Human resources cost allocations	(337,845)	(336,698)	(250,683)	(86,015)
	337,844	330,661	251,827	78,834
Nondepartmental:				
Salaries and employee benefits	550,000	81,858	-	81,858
Professional services	400,000	50	50	-
Operating expenditures	548,255	440,137	465,254	(25,117)
Capital outlay	-	1,415,523	1,392,259	23,264
Outside agencies	161,079	981,608	979,864	1,744
Cost allocations	696,941	696,941	601,275	95,666
	2,356,275	3,616,118	3,438,702	177,416
Total general government	4,199,591	5,413,785	5,047,858	365,927
Public safety:				
Police department:				
Salaries and employee benefits	7,383,973	7,487,445	7,202,316	285,129
Professional services	132,342	110,412	107,274	3,138
Operating expenditures	954,730	765,294	687,579	77,715
Capital outlay	116,096	825,329	451,859	373,470
Debt service	498,957	450,197	309,206	140,991
Fleet service cost allocations	653,564	652,271	478,909	173,362
	9,739,662	10,290,948	9,237,143	1,053,805

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 768,892	\$ 768,179	\$ 743,589	\$ 24,590
Professional services	3,816	3,816	3,206	610
Operating expenditures	93,977	98,468	84,785	13,683
Capital outlay	2,000	-	-	-
Debt service	84,172	84,172	79,372	4,800
Fleet service cost allocations	-	146	146	-
	952,857	954,781	911,098	43,683
Sign shop:				
Salaries and employee benefits	373,887	236,938	235,602	1,336
Professional services	10,000	-	-	-
Operating expenditures	126,869	121,725	100,854	20,871
Capital outlay	14,300	5,530	-	5,530
Debt service	12,208	12,208	2,035	10,173
Fleet service cost allocations	-	13,514	13,513	1
	537,264	389,915	352,004	37,911
Fire department:				
Salaries and employee benefits	7,300,056	7,441,624	7,401,044	40,580
Professional services	84,500	98,289	89,824	8,465
Operating expenditures	1,241,400	1,166,299	919,062	247,237
Capital outlay	428,200	510,019	343,069	166,950
Debt service	1,274,895	627,492	627,492	-
Fleet service cost allocations	225,367	90,819	202,262	(111,443)
	10,554,418	9,934,542	9,582,753	351,789
Radio shop:				
Salaries and employee benefits	164,337	163,887	133,178	30,709
Operating expenditures	328,927	200,388	157,036	43,352
Fleet service cost allocations	-	3,212	3,211	1
	493,264	367,487	293,425	74,062
Traffic signal:				
Operating expenditures	37,240	122,327	476	121,851
Fleet service cost allocations	-	110	109	1
	37,240	122,437	585	121,852
Total public safety	22,314,705	22,060,110	20,377,008	1,683,102

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Transportation:				
Salaries and employee benefits	861,620	866,830	842,405	24,425
Professional services	18,500	74,226	59,358	14,868
Operating expenditures	1,546,827	2,063,711	629,294	1,434,417
Capital outlay	205,625	127,016	60,000	67,016
Debt service	117,061	117,061	90,780	26,281
Cost allocations	267,449	253,825	251,533	2,292
	3,017,082	3,502,669	1,933,370	1,569,299
Solid waste and recycling:				
Salaries and employee benefits	\$ 1,240,984	\$ 1,281,108	\$ 1,244,843	\$ 36,265
Professional services	179,745	174,865	160,801	14,064
Operating expenditures	1,962,871	2,066,728	1,954,013	112,715
Capital outlay	20,000	328,344	255,092	73,252
Debt service	268,799	243,465	242,137	1,328
Cost allocations	367,647	428,939	431,781	(2,842)
	4,040,046	4,523,449	4,288,667	234,782
Stormwater:				
Salaries and employee benefits	504,420	519,595	475,488	44,107
Professional services	68,875	164,103	155,706	8,397
Operating expenditures	135,617	113,000	57,718	55,282
Capital outlay	13,750	13,250	-	13,250
Debt service	86,360	44,347	32,379	11,968
Fleet service cost allocations	90,411	50,411	77,420	(27,009)
	899,433	904,705	798,711	105,994
Total public works	7,956,561	8,930,824	7,020,748	1,910,076
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	997,377	997,377	910,860	86,517
Professional services	297,355	287,978	181,023	106,955
Operating expenditures	871,360	869,072	620,172	248,900
Contributions	100,000	-	-	-
Capital outlay	151,800	95,118	31,904	63,214
Debt service	85,495	85,495	85,495	-
Cost allocations	1,506,234	1,509,063	1,313,926	195,137
Total cultural and recreational	4,009,621	3,844,103	3,143,380	700,723

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning and community development:				
Planning department:				
Salaries and employee benefits	1,296,198	1,265,835	1,193,467	72,368
Professional services	368,400	564,000	480,754	83,246
Operating expenditures	427,846	346,684	264,412	82,272
Capital outlay	11,200	6,104	1,371	4,733
Debt service	19,820	19,820	8,407	11,413
Incentive grants	1,526,500	1,573,500	1,572,663	837
Cost allocations	69,669	77,494	67,293	10,201
Total planning and community development	3,719,633	3,853,437	3,588,367	265,070
Total expenditures	42,200,111	44,102,258	39,177,361	4,924,897
Excess of revenues over (under) expenditures	899,141	(1,870,719)	3,255,757	5,126,476
Other Financing Sources (Uses)				
Appropriated fund balance	2,461,551	6,595,898	-	(6,595,898)
Proceeds from debt issuance	-	-	198,027	198,027
Transfers from other funds	-	-	12,786	12,786
Transfers to other funds	(3,360,692)	(4,725,178)	(4,696,181)	28,997
Total other financing sources (uses)	(899,141)	1,870,720	(4,485,368)	(6,356,088)
Net change in fund balance	\$ -	\$ -	(1,229,611)	\$ (1,229,611)
Fund Balance				
Beginning			28,257,125	
Ending			<u>\$ 27,027,514</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2003

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
ASSETS				
Current Assets				
Cash and investments	\$ 13,451,777	\$ 9,043,189	\$ 4,786,765	\$ 1,369,619
Receivables:				
Accounts receivable, net	5,006,276	1,396,222	1,223,295	162,242
Sales tax refunds	340,864	107,168	13,268	10,968
Interest	60,567	37,524	14,900	3,837
Other receivables	-	-	202,169	630,218
Due from other governmental agencies	-	-	-	-
Due from other funds	1,666,232	-	-	-
Loan receivable, current	-	-	244,587	-
Inventories and prepaid expenses	3,311,517	535,194	60,067	52,586
Total current assets	23,837,233	11,119,297	6,545,051	2,229,470
Noncurrent assets:				
Restricted assets - cash and investments	5,295,674	5,744,450	1,585,035	220,942
Capital assets	84,177,449	96,867,127	67,192,583	52,044,989
Less accumulated depreciation	(33,066,415)	(22,171,873)	(15,132,667)	(5,897,489)
Bond issuance and premium, net	1,617,038	2,660,614	2,205,196	57,014
Loan receivable, noncurrent	-	-	1,601,768	-
Total noncurrent assets	58,023,746	83,100,318	57,451,915	46,425,456
Total assets	81,860,979	94,219,615	63,996,966	48,654,926
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	3,815,145	1,022,804	277,229	135,508
Current portion of long-term debt	1,207,781	1,926,256	1,644,938	1,457,036
Accrued interest	104,285	190,376	126,387	52,137
Deferred revenue	-	80,000	94,819	-
Due to other funds	-	1,381,303	132,064	-
Total current liabilities	5,127,211	4,600,739	2,275,437	1,644,681
Non-current liabilities				
Long-Term Debt due after one year	28,319,842	53,359,473	30,888,140	7,760,879
Deposits	824,572	99,026	3,532	77,242
Total non-current liabilities	29,144,414	53,458,499	30,891,672	7,838,121
Total liabilities	34,271,625	58,059,238	33,167,109	9,482,802
NET ASSETS				
Invested in capital assets, net of related debt	23,548,529	22,349,163	22,079,842	37,024,104
Restricted	5,295,674	5,744,450	1,585,035	220,942
Unrestricted (deficit)	18,745,151	8,066,764	7,164,980	1,927,078
Total net assets	\$ 47,589,354	\$ 36,160,377	\$ 30,829,857	\$ 39,172,124

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net assets of business type activities

See Notes to Financial Statements.

Exhibit H

Other Enterprise Funds		Governmental Activities Internal Service Funds	
	Total		
\$ 994,347	\$ 29,645,697	\$ -	
16,136	7,804,171	-	
21,810	494,078	59,745	
3,839	120,667	-	
9,389	841,776	-	
47,365	47,365	-	
27,217	1,693,449	-	
-	244,587	-	
343,249	4,302,613	94,787	
1,463,352	45,194,403	154,532	
-	12,846,101	-	
17,995,636	318,277,784	4,058,968	
(2,784,641)	(79,053,085)	(2,803,091)	
443,109	6,982,971	-	
-	1,601,768	-	
15,654,104	260,655,539	1,255,877	
17,117,456	305,849,942	1,410,409	
221,895	5,472,581	449,459	
14,172	6,250,183	292,163	
48,695	521,880	-	
1,047	175,866	-	
247,269	1,760,636	115,236	
533,078	14,181,146	856,858	
10,345,000	130,673,334	89,585	
41,389	1,045,761	-	
10,386,389	131,719,095	89,585	
10,919,467	145,900,241	946,443	
5,309,104	110,310,742	1,155,177	
-	12,846,101	-	
888,885	36,792,858	(691,211)	
\$ 6,197,989	\$ 159,949,701	\$ 463,966	
	463,966		
	\$ 160,413,667		

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating Revenues				
Charges for services	\$ 45,965,880	\$ 10,662,087	\$ 8,513,374	\$ 5,179,376
Other operating revenues	560,413	983,168	847,999	7,004
Total operating revenues	46,526,293	11,645,255	9,361,373	5,186,380
Operating Expenses				
General and administrative	394,679	-	-	-
Professional services	-	-	-	-
Water plant and lakes	-	4,110,380	-	-
Water line operation and maintenance	-	3,719,270	-	-
Wastewater line and plant	-	-	7,698,552	-
Purchased power	28,410,812	-	-	-
Power line and plant	8,972,896	-	-	-
Airport operation and maintenance	-	-	-	4,834,772
Utilities	-	-	-	-
Housing maintenance and repairs	-	-	-	-
Operating supplies	-	-	-	-
Other operating costs	-	-	-	-
Depreciation and amortization	2,575,866	2,004,834	1,653,009	1,287,263
Total operating expenses	40,354,253	9,834,484	9,351,561	6,122,035
Operating income (loss)	6,172,040	1,810,771	9,812	(935,655)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	-	-	-
Interest earned on loan	-	-	123,478	-
Interest earned on investments	439,983	426,323	163,961	35,110
Interest expense	(986,920)	(1,492,751)	(1,243,994)	(480,028)
Loss on sale of capital assets	(225,004)	(154,761)	(25,298)	(60,639)
Other	215,737	88,397	9,528	27,764
Total nonoperating expenses	(556,204)	(1,132,792)	(972,325)	(477,793)
Income (loss) before capital contributions and transfers	5,615,836	677,979	(962,513)	(1,413,448)
Capital contributions	-	2,095,502	2,417,480	2,963,849
Transfers in	1,670,215	-	1,241,252	1,497,349
Transfers out	(4,373,816)	-	-	-
Transfers in (out)	(2,703,601)	-	1,241,252	1,497,349
Change in net assets	2,912,235	2,773,481	2,696,219	3,047,750
Net Assets:				
Beginning	44,677,119	33,386,896	28,133,638	36,124,374
Ending	\$ 47,589,354	\$ 36,160,377	\$ 30,829,857	\$ 39,172,124
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Change in net assets of business type activities				

See Notes to Financial Statements.

Exhibit I

Other		Governmental	
Enterprise		Activities	
Funds	Total	Internal Service	Funds
\$ 1,430,825	\$ 71,751,542	\$ 7,997,747	
399,335	2,797,919	-	
1,830,160	74,549,461	7,997,747	
305,164	699,843	5,423,024	
876,933	876,933	726,358	
-	4,110,380	-	
-	3,719,270	-	
-	7,698,552	-	
-	28,410,812	-	
-	8,972,896	-	
-	4,834,772	-	
233,290	233,290	-	
379,266	379,266	-	
253,555	253,555	567,034	
241,272	241,272	945,320	
239,466	7,760,438	344,340	
2,528,946	68,191,279	8,006,076	
(698,786)	6,358,182	(8,329)	
702,066	702,066	-	
-	123,478	-	
14,183	1,079,560	-	
(608,602)	(4,812,295)	(2,408)	
(51,669)	(517,371)	(163,252)	
8,199	349,625	-	
64,177	(3,074,937)	(165,660)	
(634,609)	3,283,245	(173,989)	
-	7,476,831	-	
1,291,057	5,699,873	-	
(529,565)	(4,903,381)	-	
761,492	796,492	-	
126,883	11,556,568	(173,989)	
6,071,106	148,393,133	637,955	
\$ 6,197,989	\$ 159,949,701	\$ 463,966	
	10,079		
	11,566,647		

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Cash Flows From Operating Activities				
Receipts from customers	\$ 46,802,299	\$ 11,634,711	\$ 9,075,817	\$ 5,347,690
Payments to employees	(3,454,860)	(2,370,007)	(1,035,735)	(1,126,351)
Payments to suppliers	(34,549,262)	(4,974,268)	(5,986,043)	(4,191,537)
Net cash provided by (used in) operating activities	8,798,177	4,290,436	2,054,039	29,802
Cash Flows From Noncapital Financing Activities				
Transfers in	1,670,215	-	1,241,252	1,497,349
Transfers out	(4,373,816)	-	-	-
Operating grants received	-	-	-	-
Insurance reimbursement proceeds	215,737	60,423	9,528	27,764
Contributions received	-	2,095,502	2,417,480	2,963,849
Net cash provided by (used in) noncapital financing activities	(2,487,864)	2,155,925	3,668,260	4,488,962
Cash Flows From Capital and Related Financing Activities				
Proceeds from the issuance of long-term debt	6,472,119	20,488,650	2,017,306	-
Bond issuance costs	(980,260)	(1,373,705)	(1,626,474)	-
Principal payments on long-term debt	(592,959)	(424,029)	(762,952)	(1,297,073)
Interest paid	(975,608)	(1,460,602)	(1,265,691)	(486,534)
Acquisition and construction of capital assets	(6,237,414)	(10,952,495)	(2,217,227)	(2,558,958)
Proceeds from the sale of capital assets	-	-	6,701	-
Capital contributions	-	-	-	(202,236)
Other	-	27,974	-	-
Net cash provided by (used in) capital and related financing activities	(2,314,122)	6,305,793	(3,848,337)	(4,544,801)
Cash Flows From Investing Activities				
Earnings on investments	515,449	463,199	188,106	31,273
Payments received on notes receivable	-	-	373,187	-
Net cash provided by investing activities	515,449	463,199	561,293	31,273
Net increase in cash and cash equivalents	4,511,640	13,215,353	2,435,255	5,236
Cash and cash equivalents:				
Beginning	14,235,811	1,572,286	3,936,545	1,585,325
Ending	\$ 18,747,451	\$ 14,787,639	\$ 6,371,800	\$ 1,590,561

Exhibit J
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Other Enterprise Funds		Governmental Activities Internal Service Funds	
	Total		
\$ 1,855,939	\$ 74,716,456	\$ 8,032,527	
(98,271)	(8,085,224)	(5,423,024)	
(2,008,688)	(51,709,798)	(2,250,936)	
(251,020)	14,921,434	358,567	
779,461	5,188,277	-	
(17,969)	(4,391,785)	-	
702,066	702,066	-	
-	313,452	-	
-	7,476,831	-	
1,463,558	9,288,841	-	
-	28,978,075	-	
-	(3,980,439)	-	
(11,362)	(3,088,375)	(156,592)	
(610,872)	(4,799,307)	(2,408)	
(199,107)	(22,165,201)	(199,567)	
-	6,701	-	
-	(202,236)	-	
8,199	36,173	-	
(813,142)	(5,214,609)	(358,567)	
14,586	1,212,613	-	
-	373,187	-	
14,586	1,585,800	-	
413,982	20,581,466	-	
580,365	21,910,332	-	
\$ 994,347	\$ 42,491,798	\$ -	

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF CASH FLOWS (Continued) Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating income (loss)	\$ 6,172,040	\$ 1,810,771	\$ 9,812	\$ (935,655)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,575,866	2,004,834	1,653,009	1,287,263
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	276,006	47,956	(227,056)	161,310
Due from other governmental agencies	-	-	-	-
Due from other funds	(1,058,517)	-	-	(534,350)
Inventories and prepaid expenses	(48,787)	(186,151)	210,164	3,236
Increase (decrease) in:				
Accounts payable and accrued expenses	564,094	(755,202)	253,444	36,054
Vacation accrual	75,090	2,461	80,775	3,545
Due to other funds	(624)	1,381,303	132,064	-
Deposits	243,009	42,964	327	8,399
Deferred revenue	-	(58,500)	(58,500)	-
Net cash provided by (used in) operating activities	\$ 8,798,177	\$ 4,290,436	\$ 2,054,039	\$ 29,802

See Notes to Financial Statements.

Exhibit J
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Other		Governmental	
Enterprise		Activities	
Funds	Total	Internal Service	Funds
\$ (698,786)	\$ 6,358,182	\$	(8,329)
239,466	7,760,438		344,340
(2,041)	256,175		34,780
27,601	27,601		-
(26,593)	(1,619,460)		-
6,103	(15,435)		(13,876)
51,992	150,382		213,770
(714)	161,157		-
146,687	1,659,430		(212,118)
5,046	299,745		-
219	(116,781)		-
\$ (251,020)	\$ 14,921,434	\$	358,567

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NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements and the following accounting policies of the City of Concord, North Carolina (the "City") and its discretely presented component unit, are in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies:

A. Reporting Entity

The City of Concord is a municipal corporation governed by an elected mayor, mayor pro tempore and a six-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the City's financial statements to emphasize that it is legally separate from the City.

BLENDED COMPONENT UNIT – FIRST CONCORD CORPORATION

First Concord Corporation ("First Concord") was established during 1992 as a nonprofit corporation of the City. The City Council appoints one of the three members of the First Concord Board of Directors. First Concord is specifically organized and operated exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle of the City. It will carry out this function through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment for the use of the City. In the event First Concord is unable to meet its debt service requirements, the City would be held liable. First Concord Corporation's activities, which has a June 30 year-end, are included in the funds in which the activity takes place.

DISCRETELY PRESENTED COMPONENT UNIT - CITY OF CONCORD ALCOHOLIC BEVERAGE CONTROL (ABC) BOARD

The City Council appoints the members of the Alcoholic Beverage Control Board. In addition, the ABC Board is required by State statute to distribute a share of its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Concord ABC Board, 854 Union Street South, Concord, North Carolina 28026.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds and proprietary funds even though they are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

In accordance with North Carolina General Statutes, all governmental funds of the City are maintained during the year using the modified accrual basis of accounting. The governmental fund financial statements are reported on this same basis and use the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"), "measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cabarrus County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Concord. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Cabarrus County from March 2002 through February 2003 apply to the fiscal year ended June 30, 2003. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2003-2004 fiscal year and are not shown as receivables at June 30, 2003. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2003 because they are intended to finance the City's operations during the 2004 fiscal year.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for general government services, public safety, public works, cultural and recreational, and planning and community development.

Public Roadway Capital Project Fund: Public Roadway Fund is a capital project fund that accounts for all resources used for the construction and improvement of roads in the City.

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by accounting principles generally accepted in the United States of America, the City of Concord and the City of Concord ABC Board have elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in their accounting and reporting practices for their proprietary operations, as well as the government-wide statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers or reconnecting current customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds are used to account for operations that are financed and operated where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

The government reports the following major proprietary funds:

Electric, Water and Wastewater Funds: The Electric, Water and Wastewater Funds are used to account for the activities of the City's electric and water distribution operations and wastewater collection.

Regional Airport Fund: The Regional Airport Fund is used to account for the operations of the City's regional airport.

Additionally, the government reports the following fund type:

Internal Service Funds: Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for the General Fund, Special Revenue Funds and the Proprietary Funds, except for the Special Revenue Funds of the Community Development Fund, Public Housing Drug Elimination Fund, Brownfield Coop Agreement Fund, Firefighter Grant Fund and Home Fund, which require an ordinance by project. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds and First Concord Capital Project fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The City Manager is authorized to reallocate departmental appropriations and to effect interdepartmental transfers within a fund as long as such transfers do not exceed 10% of the appropriated funds for the department whose allocation is reduced. During the year several amendments to the original budget were necessary.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

As required by G.S. 159-26(d), the City maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "Reserved for encumbrances" in the governmental funds balance sheet and will be carried forward with their budget appropriations to the subsequent year.

E. Assets, Liabilities and Fund Equity

DEPOSITS AND INVESTMENTS

All deposits of the City and of the ABC Board are made in board-designated official depositories and are secured as required by State statute (G.S. 159-31). The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State statute (G.S. 159-30(c)) authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The City's investments with a maturity of more than one year at acquisition and nonmoney market investments are reported at cost or amortized cost, which approximates their fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

CASH AND CASH EQUIVALENTS

The City maintains a cash and investment pool that is used by all funds, except First Concord Corporation, to facilitate disbursement and investment and to maximize investment income. Each fund type's portion of these pools is displayed on the combined balance sheet as "Cash and investments". Interest earned is distributed to the various funds based on the proportionate share of investments. Since the cash management pools operate as demand deposit accounts, amounts invested in the pool by the proprietary fund types are considered cash and cash equivalents for the purpose of the statement of cash flows with respect to those funds.

RESTRICTED ASSETS

The unexpended bond and note proceeds for the 1998 and 2002 revenue bonds and 2001 certificates of participation issued by the City are classified as restricted assets for the respective funds because their use is completely restricted to the purpose for which the bonds were originally issued. Monies set aside for debt service, extension and replacement fund as required by the bond documents or designated for future projects are also classified as restricted assets.

AD VALOREM TAXES RECEIVABLE

In accordance with State statutes (G.S. 105-347 and G.S. 159-13(a)), ad valorem taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until the following January 6, and property becomes subject to lien. Liens are published the following May. The taxes levied are based on the assessed values as of January 1.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are maintained on all types of receivables, which have historically experienced uncollectible accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

INVENTORIES

The inventories of the City and the ABC Board are valued at average cost, which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The costs of these inventories are recorded as an expense as the inventories are consumed. The inventories of the ABC Board consist of goods held for resale.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City included as part of the cost of capital assets under construction in connection with the 2002 Revenue Bond Capital Projects, \$311,772 in capitalized interest.

The estimated useful lives are as follows:

	Estimated Useful Life	
	City of Concord (In Years)	ABC Board
Electric plant and distribution systems	25	-
Waste treatment plant and distribution systems	30 - 60	-
Water plant and distribution systems	40 - 50	-
Buildings and improvements	20 - 50	40
Infrastructure assets	50	-
Leasehold improvements	-	10 - 20
Automobiles and trucks	3 - 5	3 - 5
Other property	3 - 10	-
Furniture/equipment	3 - 5	10

BOND ISSUANCE COSTS

Bond issuance costs include discounts, insurance and costs of issuance. Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the interest method. These costs relate to the revenue bonds, the refunding bonds and the 160A-19 certificate of participation bonds issued.

LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

COMPENSATED ABSENCES

The vacation policies of the City and the ABC Board provide for the accumulation of up to thirty-six (36) and thirty (30) days earned vacation leave, respectively, with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide, proprietary funds and the ABC Board financial statements. Current maturity of accrued vacation pay has been determined based on the annualized vacation taken in the first quarter of the current fiscal year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

NET ASSETS AND FUND EQUITY

Net assets in governmental-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. At year end, restricted net assets consisted of the following:

	Governmental Activities	Business-type Activities
Construction and purchases	\$ -	\$ 12,846,101
Streets and Highways	1,403,242	-
Debt service	1,629,451	
Other	166,986	-
	<u>\$ 3,199,679</u>	<u>\$ 12,846,101</u>

In the fund financial statements, governmental funds report reservations or restrictions of equity for amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State statute (G.S. 159-13(b)(16)) restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State statute (G.S. 159-8(a)). This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts that remain unperformed at year-end.

Reserved for streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year end fund balance of ending inventories, which are not expendable, available resources.

Unreserved:

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2003-2004 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds reconciliation of the balance sheet to the statement of net assets includes a reconciling item that relates to deferred revenue susceptible to full accrual on the entity-wide statements. In the governmental funds, the ad valorem taxes were not susceptible to accrual as revenues and were reported as deferred revenue. The \$892,456 adjustment reflected on the reconciliation represents these ad valorem taxes outstanding at year end.

The governmental funds reconciliation of the statement of revenues, expenditures and changes in fund balance to the statement of activities includes revenues in the amount of \$123,625 that did not provide current financial resources for the fund. This adjustment reflected on the reconciliation represents the change between the ad valorem taxes outstanding for the year ended June 30, 2003 and June 30, 2002.

The statement of net assets and statement of activities for the business-type activities includes a reconciling item between the proprietary funds statement of net assets and statement of revenues, expenses and changes in fund net assets. This difference represents the assets, liabilities and activity of the internal service funds that are reported within the business-type activities.

Note 3. Cash and Investments

Deposits - All of the City's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method.

At June 30, 2003, the City's deposits had a carrying amount of \$1,512,650 and a bank balance of \$3,412,157. Of the bank balance, \$145,513 was covered by federal depository insurance and \$3,266,644 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$29,860 at June 30, 2003.

At June 30, 2003, the carrying amount of deposits for the ABC Board was \$1,076,934 and the bank balance was \$1,186,763. Of the bank balance, \$1,186,763 was covered by federal depository insurance. The ABC Board had cash on hand of \$4,500 at June 30, 2003.

The City's investments are categorized to give an indication of the level of custodial risk assumed by the City at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the City or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The City's investments in the North Carolina Capital Management Trust and money market funds are exempt from risk categorization because the City does not own any identifiable securities but are stockholders of a percentage of the fund.

At June 30, 2003, the City's investment balances were as follows:

	Categories			Reported Value	Fair Value
	A	B	C		
U. S. Government agencies	\$ 20,192,069	\$ -	\$ -	\$ 20,192,069	\$ 20,089,313
Commercial paper	-	15,885,461	-	15,885,461	15,969,360
Bankers' acceptances	-	1,987,500	-	1,987,500	1,996,940
	<u>\$ 20,192,069</u>	<u>\$ 17,872,961</u>	<u>\$ -</u>	<u>38,065,030</u>	<u>38,055,613</u>
Uncategorized:					
North Carolina Capital Management Trust				35,652,614	35,652,614
Money Market Funds, held in trust				54	54
				<u>\$ 73,717,698</u>	<u>\$ 73,708,281</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables and Allowances for Uncollectible Amounts

Receivables as of year end for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts receivable, net	\$ -	\$ 7,804,171
Ad valorem taxes, net	892,456	-
Due from other governmental agencies	2,170,812	47,365
Sales tax refunds	199,396	553,823
Interest	82,506	120,667
Due from other funds	182,423	(182,423)
Other, net	376,395	841,776
Loan receivable, current	-	244,587
	<u>\$ 3,903,988</u>	<u>\$ 9,429,966</u>

Receivables as of year end also included the following allowances for uncollectible accounts:

Governmental Activities, allowance for uncollectible ad valorem taxes	<u>\$ 329,522</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 23,934</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 211,189</u>

Loans Receivable: At year-end, the City has two outstanding loans due to them. First, the City transferred all ownership and operating interest in the Rocky River Regional Wastewater Treatment Plant to the Water and Wastewater Authority of Cabarrus County ("WSACC"). Interest ranges from 4.1% to 5.5%. Per the agreement, the Water and Wastewater Authority agreed to assume the outstanding debt service requirements from general obligation bonds used to finance the purchase of the related assets transferred. Interest ranges from 3.5% to 6.4%. In addition, WSACC assumed some of the 1995 Utility Systems Revenue Bonds to assist in the operations of WSACC.

	Rocky River Regional Wastewater Treatment Plant	WSACC Operational	Total
Balance at June 30, 2003	\$ 1,184,719	\$ 661,636	\$ 1,846,355
Less current portion	219,797	24,790	244,587
Noncurrent portion	<u>\$ 964,922</u>	<u>\$ 636,846</u>	<u>\$ 1,601,768</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2003 was as follows:

	July 1, 2002	Increases	Decreases	June 30, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 26,349,224	\$ 2,094,756	\$ 1,285,595	\$ 27,158,385
Construction in progress	10,215,347	3,071,253	6,435,736	6,850,864
Total capital assets, not being depreciated	36,564,571	5,166,009	7,721,331	34,009,249
Capital assets, being depreciated:				
Buildings	20,221,604	4,948,884	164,773	25,005,715
Improvements other than buildings	2,418,510	38,076	121,915	2,334,671
Machinery and Equipment	25,450,386	1,472,807	5,242,746	21,680,447
Infrastructure	456,087,308	7,059,246	321,874	462,824,680
Total capital assets, being depreciated	504,177,808	13,519,013	5,851,308	511,845,513
Accumulated depreciation:				
Buildings	4,476,503	640,742	-	5,117,245
Improvements other than buildings	780,402	134,526	65,226	849,702
Machinery and Equipment	15,053,330	2,429,443	3,871,910	13,610,863
Infrastructure	146,250,090	18,760,077	-	165,010,167
Total accumulated depreciation	166,560,325	21,964,788	3,937,136	184,587,977
Total capital assets, being depreciated, net	337,617,483	(8,445,775)	1,914,172	327,257,536
Governmental activities capital assets, net	\$ 374,182,054	\$ (3,279,766)	\$ 9,635,503	\$ 361,266,785
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 43,358,113	\$ 1,747,947	\$ -	\$ 45,106,060
Construction in progress	16,550,761	11,075,642	6,768,528	20,857,875
Total capital assets, not being depreciated	59,908,874	12,823,589	6,768,528	65,963,935
Capital assets, being depreciated:				
Buildings	29,970,956	16,492,028	3,960	46,459,024
Improvements other than buildings	196,160,848	79,975	336,508	195,904,315
Machinery and Equipment	13,705,811	1,043,257	787,413	13,961,655
Total capital assets, being depreciated	239,837,615	17,615,260	1,127,881	256,324,994
Accumulated depreciation:				
Buildings	54,562,186	5,809,455	3,960	60,367,681
Improvements other than buildings	10,323,449	722,738	17,866	11,028,321
Machinery and Equipment	10,212,747	811,832	612,228	10,412,351
Total accumulated depreciation	75,098,382	7,344,025	634,054	81,808,353
Total capital assets, being depreciated, net	164,739,233	10,271,235	493,827	174,516,641
Business-type activities capital assets, net	\$ 224,648,107	\$ 23,094,824	\$ 7,262,355	\$ 240,480,576

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 1,307,240
Public safety	1,366,538
Public works	19,022,286
Cultural and recreational	228,116
Planning and community development	40,608
Total depreciation expense - governmental activities	<u>\$ 21,964,788</u>

Business-type activities:

Electric	\$ 2,400,654
Water	1,764,804
Wastewater	1,351,120
Regional airport	1,268,258
Other nonmajor business-type activities	214,849
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	344,340
Total depreciation expense - business-type activities	<u>\$ 7,344,025</u>

Activity for the ABC Board for the year ended June 30, 2003, was as follows:

	July 1, 2002	Increases	Decreases	June 30, 2003
Component unit:				
Capital assets, not being depreciated - Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:				
Buildings	51,078	-	-	51,078
Improvements other than buildings	164,325	4,361	-	168,686
Machinery and Equipment	187,897	-	-	187,897
Total capital assets, being depreciated	403,300	4,361	-	407,661
Accumulated depreciation	201,632	28,148	-	229,780
Total capital assets, being depreciated, net	201,668	(23,787)	-	177,881
Component unit capital assets, net	<u>\$ 221,668</u>	<u>\$ (23,787)</u>	<u>\$ -</u>	<u>\$ 197,881</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 1,232,258	\$ 5,562,540
Accrued payroll and payroll related liabilities	1,164,498	170,001
Accrued sales tax payable	-	130,870
Other accrued liabilities	315,851	58,629
	<u>\$ 2,712,607</u>	<u>\$ 5,922,040</u>

Note 7. Long-Term Debt

Installment purchases: The City has entered into various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 3 years and 7 years in duration, depending upon the assets acquired. Interest rates range between 3.46% and 5.26%. The debt is collateralized by the assets acquired and serviced by the funds holding such debt.

Assets acquired through the installment purchase contracts are as follows:

	Governmental Activities	Business-type Activities
Capital Asset		
Machinery and equipment	\$ 5,292,664	\$ 1,949,567
Less accumulated depreciation	2,155,665	1,087,406
	<u>\$ 3,136,999</u>	<u>\$ 862,161</u>

The aggregate future minimum payments of the installment purchase contracts as of June 30, 2003, including interest, are as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2004	\$ 811,409	\$ 244,961
2005	427,672	120,184
2006	347,806	2,690
2007	213,428	-
2008	44,908	-
Total	1,845,223	367,835
Less amount representing interest	139,310	14,080
Total debt	<u>\$ 1,705,913</u>	<u>\$ 353,755</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General obligations bonds: The general obligation bonds issued to finance the construction of systems utilized in the operations of the Utility Funds and Regional Airport and which are being retired by their resources are reported as long-term debt in the corresponding Enterprise Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due.

General Obligation Bonds payable at June 30, 2003 are comprised of the following individual issues:

Governmental activities:

\$920,756, 1992 Refunding Serial Bonds due in annual installments of \$32,000 to \$68,000 through June 1, 2009; interest from 3.5% to 6.4%	\$ 275,610
\$935,000, 1996 Parks and Recreation Bonds, due in annual installments of \$50,000 to \$150,000 through March 2, 2011; interest from 5.4% to 5.7%	585,000
	<u>\$ 860,610</u>

Business-type activities:

\$11,774,244, 1992 Electric, Water and Wastewater Refunding Serial Bonds due in annual installments of \$408,000 to \$849,000 through June 1, 2009; interest from 3.5% to 6.4%	\$ 3,524,390
\$920,000, Public Improvement Serial Bonds due in annual installments of \$60,000 to \$65,000 through March 1, 2008 and a final installment of \$35,000 on March 1, 2009; interest from 4.7% to 4.9%; to be paid from the Regional Airport Fund	360,000
\$4,320,000, 1996 Water and Wastewater Refunding Serial Bonds due in annual installments of \$235,000 to \$410,000 through March 1, 2009; interest from 4.3% to 5.0%	2,075,000
	<u>\$ 5,959,390</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 101,133	\$ 50,011	\$ 1,113,867	\$ 338,856
2005	100,045	44,167	1,094,955	277,548
2006	98,957	38,315	1,051,043	215,965
2007	97,506	32,505	1,022,494	156,373
2008	96,056	26,762	998,944	97,416
2009-2011	366,913	39,277	678,087	39,583
	<u>\$ 860,610</u>	<u>\$ 231,037</u>	<u>\$ 5,959,390</u>	<u>\$ 1,125,741</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Revenue bonds: The City also issues bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. Revenue bonds outstanding at June 30, 2003 are as follows:

Governmental activities:

\$4,002,453 (of \$35,295,000 issue), Utilities Systems Revenue Bonds Series 1998A due in annual installments of \$101,493 to \$281,799 through December 1, 2022; interest from 3.95% to 5.00%	\$ 1,590,435
\$2,515,740 (of \$39,350,000 issue), Utilities Systems Revenue Bonds Series 2002B due in annual installments of \$107,310 to \$360,830 through December 1, 2022; interest of 3.65%	2,480,577
	<u>\$ 4,071,012</u>

Business-type activities:

\$6,665,000 (after advance refunding), 1993 Utility Systems Revenue Bonds due in annual installments of \$1,030,000 to \$1,250,000 through December 1, 2018; interest from 4.8% to 5.3% to be paid from revenues of the Electric, Water and Wastewater Funds	\$ 1,250,000
\$24,850,000 1995 Utility Systems Revenue Bonds due in annual installments of \$605,000 to \$1,800,000 through June 30, 2020; interest from 4.1% to 5.5%; to be paid from revenues of the Water and Wastewater Fund	6,520,000
\$31,292,547 (of \$35,295,000 issue), Utilities Systems Revenue Bonds, Series 1998A due in annual installments of \$793,507 to \$2,203,201 through December 1, 2022; interest from 3.95% to 5.00%.	12,434,565
\$29,480,000, Utilities Systems Refunding Revenue Bonds, Series 1998B due in annual installments of \$160,000 to \$2,705,000 through December 1, 2017; interest from 3.80% to 5.00%	28,665,000
\$25,935,000, Utilities Systems Revenue Bonds, Series 2002A due in annual installments of \$605,000 to \$1,635,000 through December 1, 2030; interest from 3.00% to 4.75%	25,935,000
\$36,834,260 (of \$39,350,000 issue), Utilities Systems Revenue Bonds, Series 2002B due in annual installments of \$1,505,240 to \$5,061,351 through December 1, 2023; interest from 3.65% to 3.66%	36,319,423
	<u>\$ 111,123,988</u>

In August of 2002, the City issued two series of revenue bonds. Series A was issued for \$25,935,000 to assist in the construction of new water lines and electric projects and to renovate the City's current utility plants. Series B was issued for \$39,350,000 to refund portions of the 1998 and 1995 revenue bonds. This refunding resulted in an economic gain of approximately \$1.8 million dollars.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 127,320	\$ 159,898	\$ 3,302,680	\$ 4,656,344
2005	133,063	154,472	4,061,937	4,493,678
2006	138,485	148,721	4,231,515	4,319,160
2007	144,795	142,626	4,510,205	4,132,333
2008	151,671	136,179	4,658,329	3,934,217
2009-2013	1,088,479	558,964	26,051,521	17,203,911
2014-2018	1,161,349	309,839	32,443,651	10,181,982
2019-2023	1,125,850	106,024	21,894,150	4,571,212
2024-2028	-	-	6,775,000	1,593,744
2029-2030	-	-	3,195,000	153,544
	<u>\$ 4,071,012</u>	<u>\$ 1,716,723</u>	<u>\$ 111,123,988</u>	<u>\$ 55,240,125</u>

The Revenue Bond General Trust Indenture requires that certain amounts from the Utility funds be set aside into separate reserve accounts for the following uses and in the following amounts:

- | | |
|-------------------------------|---|
| (1) Debt Service | Amount sufficient to pay current bond and interest maturities |
| (2) Bond and Interest Reserve | The lesser of (a) maximum principal and interest requirements in any succeeding fiscal year (b) 125% of the average annual principal and interest requirements (c) 10% of bond proceeds |
| (3) Extension and replacement | \$8,350 per month until the balance reaches \$500,000 |
| (4) Rebate | Any amounts necessary to satisfy arbitrage regulations, if applicable, based upon yearly computations |

In addition to the funds maintenance requirements above, the City must also meet other debt covenants relating to reporting requirements, annual budgets and minimum utility funds revenues.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loans and installment notes: Loan and installment notes payable at June 30, 2003 are comprised of the following individual issues:

Governmental activities:

\$350,000, 1993 160A-20 Installment Note due in semiannual installments of \$14,583 to \$29,169, through July 1, 2006, plus interest due quarterly at 4.45%	\$ 102,090
\$31,491,670, 2001 Certificates of Participation due in annual installments of \$754,415 to \$2,650,758 through June 1, 2021, plus interest due semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from General Fund	27,658,763
	<u>\$ 27,760,853</u>

Business-type activities:

\$1,350,000, 1993 160A-20 Installment Note due in semiannual installments of \$56,251 to \$112,449, through July 1, 2006, plus interest due quarterly at 4.45% to be paid from Regional Airport Fund	\$ 393,732
\$1,800,000, 1993 160A-20 Installment Note due in semiannual installments of \$75,000, through July 1, 2006, plus interest due quarterly at 5.92% to be paid from Regional Airport Fund	525,000
\$5,515,000, 1996A 160A-19 Certificate of Participation due in annual installments of \$505,000 to \$690,000, through June 1, 2006, plus interest due semiannually at 5.10% to 5.70% financed through First Concord Corporation, to be paid from Regional Airport Fund	1,960,000
\$10,345,000, 1996B 160-19 Certificate of Participation due in annual installments of \$450,000 to \$1,000,000, through June 1, 2021, plus interest due semiannually at 5.75% to 6.125% financed through First Concord Corporation, to be paid from Golf Course Fund. The first payment is due in 2007	10,345,000
\$6,703,330, 2001 Certificates of Participation due in annual installments of \$160,858 to \$564,242 through June 1, 2021, plus interest due semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from Regional Airport Fund	5,936,237
	<u>\$ 19,159,969</u>

Annual debt service requirements to maturity for loan and installment notes are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 2,252,079	\$ 1,283,085	\$ 1,359,589	\$ 1,038,271
2005	2,416,739	1,203,954	1,424,929	973,259
2006	2,676,079	1,096,109	1,520,589	899,978
2007	2,768,520	974,614	1,172,298	822,477
2008	2,576,929	847,826	1,033,071	767,670
2009-2013	9,027,485	2,129,574	4,767,516	2,777,239
2014-2018	3,783,064	952,301	4,561,937	1,549,781
2019-2021	2,259,958	115,823	3,320,040	205,239
	<u>\$ 27,760,853</u>	<u>\$ 8,603,286</u>	<u>\$ 19,159,969</u>	<u>\$ 9,033,914</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2002	Additions	Reductions	June 30, 2003
Governmental activities:				
Installment purchase	\$ 3,185,432	\$ -	\$ 1,479,519	\$ 1,705,913
Less current maturities				962,721
Long-term installment purchases				\$ 743,192
Bond payables:				
General obligation bonds	\$ 963,194	\$ -	\$ 102,584	\$ 860,610
Installment notes	29,644,136	-	1,883,283	27,760,853
Revenue bonds	3,795,498	2,515,740	2,240,226	4,071,012
Total bond payable	\$ 34,402,828	\$ 2,515,740	\$ 4,226,093	32,692,475
Compensated absences	\$ 1,580,396	\$ 1,410,432	\$ 1,108,321	1,882,507
Separation allowance	\$ -	\$ 270,521	\$ -	270,521
Less current maturities:				
General obligation bonds				101,133
Installment notes				2,252,079
Revenue bonds				127,320
Compensated absences				1,355,405
Long-term debt				\$ 31,009,566
Business-type activities:				
Installment purchase	\$ 627,859	\$ -	\$ 274,104	\$ 353,755
Less current maturities				232,916
Long-term installment purchases				\$ 120,839
Bond payables:				
General obligation bonds	\$ 7,096,806	\$ -	\$ 1,137,416	\$ 5,959,390
Installment notes	20,353,354	-	1,193,385	19,159,969
Revenue bonds	82,519,502	62,769,260	34,164,774	111,123,988
Total bond payable	\$ 109,969,662	\$ 62,769,260	\$ 36,495,575	136,243,347
Compensated absences	\$ 564,074	\$ 780,156	\$ 636,067	708,163
Less current maturities:				
General obligation bonds				1,113,867
Installment notes				1,359,589
Revenue bonds				3,302,680
Compensated absences				509,877
Long-term debt				\$ 130,665,497

The legal debt margin of the City at June 30, 2003 was \$414,411,469.

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables and Transfers

A schedule of interfund receivables and payables at June 30, 2003 are as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 3,125,442
General fund	Internal service fund	115,236
General fund	Nonmajor enterprise fund	220,052
Electric fund	General fund	99,986
Wastewater fund	General fund	49,171
Electric fund	Water fund	1,381,303
Electric fund	Wastewater fund	181,235
Electric fund	Nonmajor governmental funds	3,708
Nonmajor governmental funds	Nonmajor governmental funds	7,181
Nonmajor enterprise funds	Nonmajor enterprise funds	27,217
		<u>\$ 5,210,531</u>

A schedule of interfund transfers at June 30, 2003 is as follows:

Transfers To	Transfers From	Total
General fund	Nonmajor governmental funds	\$ 12,786
Nonmajor governmental funds	Nonmajor governmental funds	1,499,042
Nonmajor governmental funds	General fund	3,926,906
Nonmajor enterprise funds	General fund	734,275
Wastewater fund	Electric fund	1,241,252
Regional airport fund	Electric fund	1,497,349
Electric fund	General fund	35,000
Electric fund	Electric fund (capital project)	1,635,215
Nonmajor enterprise funds	Nonmajor governmental funds	27,217
Nonmajor enterprise funds	Nonmajor enterprise funds	529,565
		<u>\$ 11,138,607</u>

Note 9. Pension Plan Obligations**A. Local Governmental Employees' Retirement System****(1) Plan description:**

The City of Concord and the ABC Board contributed to the statewide Local Governmental Employees' Retirement System "(LGERs)", a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(2) Funding policy:

Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.63%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.02% of annual covered payroll. The contribution requirements of members and of the City of Concord and the ABC Board are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2003, 2002 and 2001 were \$1,396,448, \$1,324,171 and \$1,136,336, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2003, 2002 and 2001 were \$25,343, \$26,703 and \$22,418, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

B. Law Enforcement Officers Special Separation Allowance:

(1) Plan description:

The City of Concord administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowance that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers to the City are covered by the Separation Allowance. At December 31, 2002, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	126
Total	<u>133</u>

(2)
significant accounting policies:

Summary of

Basis of accounting - The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund.

Method used to value investments - No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)**(3) Contributions**

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the 2003 current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual pension cost and net pension obligation - The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 143,631
Interest on net pension obligation	9,873
Adjustment to annual required contribution	(7,316)
Annual pension cost	146,188
Contributions made	88,924
Increase in net pension obligation	57,264
Net pension obligation beginning of year	213,257
Net pension obligation end of year (included in the General Fund's account payable and accrued liabilities)	\$ 270,521

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2001	\$ 78,722	81	\$ 152,539
June 30, 2002	122,935	51	213,257
June 30, 2003	146,188	61	270,521

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan description - The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding policy - Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2003 were \$358,440, which consisted of \$259,771 from the City and \$98,669 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

Note 10. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenues reported in the governmental and proprietary funds were as follows:

	Unavailable	Unearned
Governmental funds:		
Reserve for taxes receivable	\$ 892,456	\$ -
Prepaid taxes, not yet earned	-	427,773
Prepaid privilege license, not yet earned	-	339,921
Other prepaid fees	-	2,500
	\$ 892,456	\$ 770,194
Proprietary funds:		
Tap fees, not yet collected	\$ -	\$ 174,819
Prepaid golf fees	-	1,047
	\$ -	\$ 175,866

Note 11. Commitments and Contingencies

The City had commitments on contracts of approximately \$2.0 million related primarily to construction in its Enterprise Funds.

The City participates in a number of federal and State of North Carolina awards. For the fiscal year ended June 30, 2003, these awards were subject to audit in accordance with *Government Auditing Standards* and the provisions of OMB Circular A-133 and the State Single Audit Implementation Act. The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the City expects they would be immaterial.

Note 12. Postemployment Benefits

In addition to providing pension benefits, the City makes available postemployment health benefits to retirees and other former employees of the City and their dependents. The City obtains health care coverage through private insurers. Currently, 68 retirees are eligible for postretirement health benefits. For the year ended June 30, 2003, the City made payments for postretirement health benefit premiums of \$249,936 of which \$98,979 was collected from former employees.

Note 13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is fully insured through several insurance companies and is self funded for workers' compensation only. The City obtains general liability and public official liability coverage of \$1 million per occurrence, with a \$2 million aggregate limit. The City also obtained auto liability coverage of \$1 million for combined single limit and excess general liability of \$4 million. Property is insured through blanket coverage up to \$114 million. Employee health coverage is unlimited through CIGNA unless specified.

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

The City is exposed to various risks of loss related to injuries to employees. As of July 1, 2002, the City elected to cover workers' compensation claims up to an individual stop-loss of \$350,000 per employee after which an insurance company will pay any excess up to \$1 million for each occurrence.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

City of Concord ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverages. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 14. Jointly Governed Organization

The City is a member of the Water and Wastewater Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor wastewater system and regional wastewater treatment plant. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Wastewater Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: Two members by the Cabarrus County Board of Commissioners, two members by the City of Concord City Council, two members by the City of Kannapolis City Council, one member by the Town of Harrisburg Town Council, one member by the Town of Mount Pleasant Board of Commissioners, and one member by the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions. The City of Concord paid WSACC approximately \$5.1 million for wastewater treatment and raw water charges during the year ended June 30, 2003. In addition, the City received debt service payments of \$373,187, on its loan receivables from WSACC.

Note 15. Stewardship, Compliance and Accountability

Deficit Fund Balance

North Carolina General Statutes prohibits the City from having a deficit fund in any fund. The Golf Course Fund and Debt Service Fund have deficit fund balances or net assets in the amount of \$551,727 and \$1,543,890, respectively. The deficit balance in the net assets for the Golf Course and the fund balance of the Debt Service Fund resulted from no operating transfers being made to finance debt service payments which were reserved upon the issuance of the original debt. These deficits will be reduced each year as future transfers are made to finance for debt service payments.

Note 16. Conduit Debt Obligations

To provide for the acquisition, construction and equipping of a 124 unit low and moderate income multifamily residential rental facility, the City has issued \$5,740,000 in multifamily housing revenue bonds in December 2000. These bonds are limited obligations payable solely from the revenues and receipts of the loan. The bonds do not constitute a debt of a pledge of the faith and credit of the State of North Carolina or any political subdivision including the City of Concord, and accordingly have not been reported in the accompanying financial statements. As of June 30, 2003, all multifamily housing revenue bonds were outstanding.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED
SUPPLEMENTAL INFORMATION ANALYSIS OF FUNDING PROGRESS**

Last Six Fiscal Years

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1997	\$ 199,943	\$ 624,630	\$ 424,687	32	%	\$ 2,832,424	15 %
December 31, 1998	214,288	656,504	442,216	33		3,110,880	14
December 31, 1999	229,802	739,636	509,834	31		3,637,252	14
December 31, 2000	137,864	1,101,867	964,003	13		4,099,686	24
December 31, 2001	152,539	1,290,220	1,137,681	12		4,653,063	24
December 31, 2002	213,257	1,504,093	1,290,836	14		5,004,653	26

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED
SUPPLEMENTAL INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTION
Last Six Fiscal Years**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
1998	\$ 52,248	53	%
1999	56,295	119	
2000	70,356	71	
2001	81,520	82	
2002	120,285	52	
2003	143,631	62	

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2002
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Housing Assistance Fund - This fund is used to account for federal grants received to provide housing assistance payments for low income families.

Community Development Fund - This fund is used to account for federal grants under the Community Development Block Grant/Entitlement program.

Public Housing Drug Elimination Fund - This fund is used to account for federal grants received to provide assistance in eliminating drug related crime in public housing projects.

Brownfield Coop Agreement – This fund is used to account for federal grants received to provide assistance in expanding or redeveloping industrial and commercial property that has real or perceived environmental contamination.

Home Fund - This fund is used to account for federal grants received to expand the supply of decent, affordable housing for low and very low income families with emphasis on rental housing, build state and local capacity to carry out affordable housing programs and provide for coordinated assistance to participants and the development of affordable low income housing.

Urgent Repair Program Fund – This fund is used to account for federal grants received to provide repairs to eligible citizen's homes.

Firefighter Grant Fund - This fund is used to account for the purchase of a videoconferencing system to be used by the City.

Municipal Service District Fund - This fund is used to account for taxes levied on behalf of and remitted to Concord Downtown Redevelopment Corporation for use in the promotion and improvement of the City's downtown area.

Transportation Fund - This fund is used to account for taxes designated by the Council to provide additional funding for construction and improvements of City's streets and road.

Capital Project Funds

Capital Projects Fund accounts for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Enterprise Funds.

Public Works Complex Fund - This fund is for the construction of the public works utility complex.

Debt Service Fund

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of certain governmental funds.

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OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2003

	Total Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 3,209,277	\$ -	\$ 3,209,277
Receivables:			
Ad valorem taxes, net	727	-	727
Due from other governmental agencies	24,576	-	24,576
Sales tax refunds	26,459	2,481	28,940
Interest	5,757	-	5,757
Due from other funds	7,181	-	7,181
Other, net	217,240	-	217,240
Prepaid items	2,291	-	2,291
Restricted assets- cash and investments	-	1,629,451	1,629,451
Total assets	\$ 3,493,508	\$ 1,631,932	\$ 5,125,440
LIABILITIES AND FUND BALANCE			
Accounts payable and accrued liabilities	\$ 313,635	106,594	\$ 420,229
Due to other funds	67,103	3,069,228	3,136,331
Deferred revenues	727	-	727
Total liabilities	381,465	3,175,822	3,557,287
Fund Balances			
Reserved by State statute	501,348	-	501,348
Unreserved:			
Undesignated	2,610,695	(1,543,890)	1,066,805
Total fund balance	3,112,043	(1,543,890)	1,568,153
Total liabilities and fund balance	\$ 3,493,508	\$ 1,631,932	\$ 5,125,440

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2003

	Housing Assistance	Community Development	Public Housing Drug Elimination	Brownfield Coop Agreement
ASSETS				
Cash and investments	\$ 527,655	\$ 32,551	\$ -	\$ -
Receivables:				
Ad valorem taxes, net	-	-	-	-
Due from other governmental agencies	15,403	6,399	-	1,244
Sales tax refunds	1,770	92	1	-
Interest	-	-	-	-
Due from other funds	-	-	-	-
Other, net	131,382	-	-	-
Prepaid items	2,291	-	-	-
Total assets	\$ 678,501	\$ 39,042	\$ 1	\$ 1,244
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 296,607	\$ 2,033	\$ -	\$ -
Due to other funds	-	-	-	1,244
Deferred revenues	-	-	-	-
Total liabilities	296,607	2,033	-	1,244
Fund Balances (Deficit)				
Reserved by State statute	150,846	6,491	217,118	1,244
Unreserved:				
Undesignated	231,048	30,518	(217,117)	(1,244)
Total fund balance (deficit)	381,894	37,009	1	-
Total liabilities and fund balance	\$ 678,501	\$ 39,042	\$ 1	\$ 1,244

See Notes to Financial Statements.

Statement 2

	Home	Firefighter Grant	Municipal Service District	Transportation	Total Special Revenue Funds
\$	311,268	\$ -	\$ -	\$ 2,337,803	\$ 3,209,277
	-	-	727	-	727
	1,530	-	-	-	24,576
	66	24,530	-	-	26,459
	-	-	-	5,757	5,757
	7,181	-	-	-	7,181
	-	43,944	-	41,914	217,240
	-	-	-	-	2,291
\$	320,045	\$ 68,474	\$ 727	\$ 2,385,474	\$ 3,493,508
\$	988	\$ 143	\$ -	\$ 13,864	\$ 313,635
	-	65,859	-	-	67,103
	-	-	727	-	727
	988	66,002	727	13,864	381,465
	8,777	68,474	727	47,671	501,348
	310,280	(66,002)	(727)	2,323,939	2,610,695
	319,057	2,472	-	2,371,610	3,112,043
\$	320,045	\$ 68,474	\$ 727	\$ 2,385,474	\$ 3,493,508

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2003

	Total Special Revenue Fund	Public Works Complex Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 59,372	\$ -	\$ -	\$ 59,372
Restricted intergovernmental revenues	4,718,705	-	-	4,718,705
Contributions	65,416	-	-	65,416
Investment earnings	49,361	2,656	4,319	56,336
Program income	465,113	-	-	465,113
Other revenues	14,659	-	6,613	21,272
Total revenues	5,372,626	2,656	10,932	5,386,214
Expenditures				
Current:				
Planning and community development	59,372	-	-	59,372
Administration	433,935	-	-	433,935
Housing assistance payments	3,151,869	-	-	3,151,869
Rehabilitation	953,413	-	-	953,413
Professional services	39,112	-	-	39,112
Protective services	19,222	-	-	19,222
Capital outlay	574,421	-	-	574,421
Debt service	-	-	3,210,946	3,210,946
Total expenditures	5,231,344	-	3,210,946	8,442,290
Excess of revenues over (under) expenditures	141,282	2,656	(3,200,014)	(3,056,076)
Other Financing Sources (Uses)				
Transfers from other funds	1,158,784	-	4,267,164	5,425,948
Transfers to other funds	(855,266)	(683,779)	-	(1,539,045)
Total other financing sources (uses)	303,518	(683,779)	4,267,164	3,886,903
Net change in fund balances	444,800	(681,123)	1,067,150	830,827
Fund Balances (Deficit)				
Beginning	2,667,243	681,123	(2,611,040)	737,326
Ending	\$ 3,112,043	\$ -	\$ (1,543,890)	\$ 1,568,153

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2003

	Housing Assistance	Community Development	Public Housing Drug Elimination	Brownfield Coop Agreement
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	3,485,202	608,409	18,873	2,557
Contributions	-	-	-	-
Investment earnings	4,193	-	-	-
Program income	13,642	119,863	-	-
Other revenues	-	-	-	-
Total revenues	3,503,037	728,272	18,873	2,557
Expenditures				
Current:				
Planning and community development	-	-	-	-
Administration	267,758	115,229	-	124
Housing assistance payments	3,151,869	-	-	-
Rehabilitation	-	598,668	-	2,378
Professional services	-	-	-	-
Protective services	-	-	19,222	-
Capital outlay	-	-	-	-
Total expenditures	3,419,627	713,897	19,222	2,502
Excess of revenues over (under)				
expenditures	83,410	14,375	(349)	55
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(27,217)	-
Total other financing sources (uses)	-	-	(27,217)	-
Net change in fund balances	83,410	14,375	(27,566)	55
Fund Balances (deficit)				
Beginning	298,484	22,634	27,567	(55)
Ending	\$ 381,894	\$ 37,009	\$ 1	\$ -

See Notes to Financial Statements.

Statement 4

Home	Urgent Repair Program	Firefighter Grant	Municipal Service District	Transportation	Total Special Revenue Fund
\$ -	\$ -	\$ -	\$ 59,372	\$ -	\$ 59,372
252,476	-	305,524	-	45,664	4,718,705
-	-	65,416	-	-	65,416
-	-	-	-	45,168	49,361
331,608	-	-	-	-	465,113
14,659	-	-	-	-	14,659
598,743	-	370,940	59,372	90,832	5,372,626
-	-	-	59,372	-	59,372
50,824	-	-	-	-	433,935
-	-	-	-	-	3,151,869
352,367	-	-	-	-	953,413
-	-	39,112	-	-	39,112
-	-	-	-	-	19,222
-	-	397,494	-	176,927	574,421
403,191	-	436,606	59,372	176,927	5,231,344
195,552	-	(65,666)	-	(86,095)	141,282
37,500	-	68,138	-	1,053,146	1,158,784
-	(12,786)	-	-	(815,263)	(855,266)
37,500	(12,786)	68,138	-	237,883	303,518
233,052	(12,786)	2,472	-	151,788	444,800
86,005	12,786	-	-	2,219,822	2,667,243
\$ 319,057	\$ -	\$ 2,472	\$ -	\$ 2,371,610	\$ 3,112,043

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

The following funds have been established as Enterprise Funds:

Golf Course Fund - This fund is used to account for the operations of the City's municipal golf course.

Housing Department Fund - This fund is used to account for the operations of the City's housing department.

CIAP and Capital Project Funds – These funds are used to account for capital grants awarded to the City's housing department.

Transit Fund – This fund is used to account for the operations of the City's transit system.

CITY OF CONCORD, NORTH CAROLINA

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2003

ASSETS	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Fund Project	Transit Fund
Current Assets				
Cash and investments	\$ 303,521	\$ 568,697	\$ 560	\$ 121,569
Receivables:				
Accounts receivable, net	6,647	9,489	-	-
Due from other governmental agencies	-	-	14,465	32,900
Due from other funds	-	-	27,217	-
Sales tax refunds	13,838	4,281	1,831	1,860
Interest	-	3,839	-	-
Other	-	250	-	9,139
Inventories and prepaid expenses	330,127	13,122	-	-
Total current assets	654,133	599,678	44,073	165,468
Noncurrent assets:				
Capital assets	9,386,500	8,180,910	428,226	-
Less accumulated depreciation	(261,291)	(2,523,350)	-	-
Bond issuance and premium, net	443,109	-	-	-
Total noncurrent assets	9,568,318	5,657,560	428,226	-
Total assets	10,222,451	6,257,238	472,299	165,468
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 166,226	\$ 28,268	\$ 8,763	\$ 18,638
Current portion of long-term debt	-	14,172	-	-
Accrued interest	48,695	-	-	-
Deferred revenue	1,047	-	-	-
Due to other funds	213,142	26,593	7,534	-
Total current liabilities	429,110	69,033	16,297	18,638
Noncurrent liabilities				
Long-Term Debt due after one year	10,345,000	-	-	-
Deposits	68	41,321	-	-
Total noncurrent liabilities	10,345,068	41,321	-	-
Total liabilities	10,774,178	110,354	16,297	18,638
NET ASSETS				
Invested in capital assets, net of related debt	(776,682)	5,838,698	247,088	-
Unrestricted	224,955	308,186	208,914	146,830
Total net assets	\$ (551,727)	\$ 6,146,884	\$ 456,002	\$ 146,830

See Notes to Financial Statements.

Statement 5

Total Other Enterprise Funds	
<hr/>	
\$	994,347
	16,136
	47,365
	27,217
	21,810
	3,839
	9,389
	343,249
	<hr/>
	1,463,352
	<hr/>
	17,995,636
	(2,784,641)
	443,109
	<hr/>
	15,654,104
	<hr/>
	17,117,456
	<hr/>
\$	221,895
	14,172
	48,695
	1,047
	247,269
	<hr/>
	533,078
	<hr/>
	10,345,000
	41,389
	<hr/>
	10,386,389
	<hr/>
	10,919,467
	<hr/>
	5,309,104
	888,885
\$	<hr/>
	6,197,989
	<hr/>

OTHER ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS

Year Ended June 30, 2003

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Fund Project	Transit Fund	Total Other Enterprise Funds
Operating Revenues					
Charges for services	\$ 999,370	\$ 237,021	\$ -	\$ 194,434	\$1,430,825
Other operating revenues	399,335	-	-	-	399,335
Total operating revenue	1,398,705	237,021	-	194,434	1,830,160
Operating Expenses					
General and administrative	-	305,164	-	-	305,164
Professional services	783,587	-	-	93,346	876,933
Utilities	-	233,290	-	-	233,290
Housing maintenance and repairs	148,865	230,401	-	-	379,266
Operating supplies	253,555	-	-	-	253,555
Other operating costs	237,888	-	-	3,384	241,272
Depreciation and amortization	40,064	199,402	-	-	239,466
Total operating expenses	1,463,959	968,257	-	96,730	2,528,946
Operating income (loss)	(65,254)	(731,236)	-	97,704	(698,786)
Nonoperating Revenues (Expenses)					
Operating subsidy	-	454,023	199,667	48,376	702,066
Interest earned on investments	819	12,614	-	750	14,183
Interest expense	(608,602)	-	-	-	(608,602)
Loss on sale of capital assets	(17,066)	(34,603)	-	-	(51,669)
Other	(3,506)	11,705	-	-	8,199
Total nonoperating revenues	(628,355)	443,739	199,667	49,126	64,177
Income (loss) before transfers	(693,609)	(287,497)	199,667	146,830	(634,609)
Transfers In (Out)					
Transfers in	699,275	564,565	27,217	-	1,291,057
Transfers out	-	-	(529,565)	-	(529,565)
Transfers	699,275	564,565	(502,348)	-	761,492
Change in net assets	5,666	277,068	(302,681)	146,830	126,883
Net Assets (Deficit):					
Beginning	(557,393)	5,869,816	758,683	-	6,071,106
Ending	\$ (551,727)	\$6,146,884	\$ 456,002	\$ 146,830	\$6,197,989

See Notes to Financial Statements.

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2003

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Transit Fund	Total Other Enterprise Funds
Cash Flows From Operating Activities					
Receipts from customers	\$ 1,411,255	\$ 230,910	\$ 63,239	\$ 150,535	\$ 1,855,939
Payments to employees	-	(98,271)	-	-	(98,271)
Payments to suppliers	(1,182,088)	(658,052)	(90,456)	(78,092)	(2,008,688)
Net cash provided by (used in) operating activities	229,167	(525,413)	(27,217)	72,443	(251,020)
Cash Flows From Noncapital Financing Activities					
Transfers in	699,275	52,969	27,217	-	779,461
Transfers out	-	-	(17,969)	-	(17,969)
Operating grants received	-	454,023	199,667	48,376	702,066
Net cash provided by noncapital financing activities	699,275	506,992	208,915	48,376	1,463,558
Cash Flows From Capital and Related Financing Activities					
Principal payments on long-term debt	(11,362)	-	-	-	(11,362)
Interest paid	(610,872)	-	-	-	(610,872)
Acquisition and construction of capital assets	-	(17,969)	(181,138)	-	(199,107)
Other	(3,506)	11,705	-	-	8,199
Net cash used in capital and related financing activities	(625,740)	(6,264)	(181,138)	-	(813,142)
Cash Flows Provided by Investing Activities					
Earnings on investments	819	13,017	-	750	14,586
Net increase (decrease) in cash and cash equivalents	303,521	(11,668)	560	121,569	413,982
Cash and cash equivalents:					
Beginning	-	580,365	-	-	580,365
Ending	\$ 303,521	\$ 568,697	\$ 560	\$ 121,569	\$ 994,347

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

Year Ended June 30, 2003

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Transit Fund	Total Other Enterprise Funds
Operating income (loss)	\$ (65,254)	\$ (731,236)	\$ -	\$ 97,704	\$ (698,786)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	40,064	199,402	-	-	239,466
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	12,331	(6,111)	2,738	(10,999)	(2,041)
Due from other governmental agencies	-	-	60,501	(32,900)	27,601
Due from other funds	-	624	(27,217)	-	(26,593)
Inventories and prepaid	8,751	(2,648)	-	-	6,103
Increase (decrease) in:					
Accounts payable and accrued expenses	13,675	10,916	8,763	18,638	51,992
Vacation accrual	-	(714)	-	-	(714)
Due to other funds	219,313	(624)	(72,002)	-	146,687
Deposits	68	4,978	-	-	5,046
Deferred revenue	219	-	-	-	219
Net cash provided by (used in) operating activities	\$ 229,167	\$ (525,413)	\$ (27,217)	\$ 72,443	\$ (251,020)

See Notes to Financial Statements.

**Capital Assets used in the
Operation of Governmental Funds**

CITY OF CONCORD, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNCTION AND ACTIVITY

June 30, 2003

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General Government				
Governing body	\$ -	\$ -	\$ -	\$ 5,429
Administration	4,541,575	14,610,005	290,695	3,660,763
Finance	-	-	-	16,680
Tax office	-	-	-	14,611
Legal	-	-	-	2,113
Human resources	-	-	-	59,358
Total general government	4,541,575	14,610,005	290,695	3,758,954
Public Safety				
Communications	-	-	-	1,614,888
Police	48,130	626,412	110,922	3,832,895
Fire	220,443	3,555,228	101,818	7,288,191
Sign shop	-	-	-	34,711
Total public safety	268,573	4,181,640	212,740	12,770,685
Public Works				
Streets	20,217,444	-	76,177	1,572,606
Sanitation	-	3,498,290	-	2,254,802
Stormwater	-	-	-	525,288
Transportation	50,987	-	-	-
Total public works	20,268,431	3,498,290	76,177	4,352,696
Cultural and Recreational				
Parks and recreational	1,946,087	2,715,780	1,746,574	399,221
Planning and Community				
Development				
Planning and zoning	133,719	-	8,485	357,438
Section 8, Housing Assistance	-	-	-	41,453
Total planning and community development	133,719	-	8,485	398,891
Total capital assets	\$ 27,158,385	\$ 25,005,715	\$ 2,334,671	\$ 21,680,447

Statement 8

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 5,429
13,013,365	6,850,864	42,967,267
-	-	16,680
-	-	14,611
-	-	2,113
-	-	59,358
13,013,365	6,850,864	43,065,458
-	-	1,614,888
-	-	4,618,359
-	-	11,165,680
-	-	34,711
-	-	17,433,638
380,883,271	-	402,749,498
-	-	5,753,092
68,179,003	-	68,704,291
610,291	-	661,278
449,672,565	-	477,868,159
-	-	6,807,662
138,750	-	638,392
-	-	41,453
138,750	-	679,845
\$462,824,680	\$ 6,850,864	\$545,854,762

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2003

Function/Activity	June 30, 2002	Additions	Retirements	June 30, 2003
General Government				
Governing body	\$ 8,031	\$ 5,429	\$ 8,031	\$ 5,429
Administration	38,890,834	5,339,011	1,262,578	42,967,267
Finance	91,002	2,371	76,693	16,680
Tax office	20,454	-	5,843	14,611
Legal	2,113	-	-	2,113
Human resources	99,248	-	39,890	59,358
Total general government	39,111,682	5,346,811	1,393,035	43,065,458
Public Safety				
Communications	2,333,202	-	718,314	1,614,888
Police	4,899,255	1,006,675	1,287,571	4,618,359
Fire	11,108,157	1,138,056	1,080,533	11,165,680
Sign shop	64,432	-	29,721	34,711
Total public safety	18,405,046	2,144,731	3,116,139	17,433,638
Public Works				
Streets	398,017,184	5,240,082	507,768	402,749,498
Sanitation	5,595,706	255,090	97,704	5,753,092
Stormwater	68,741,384	-	37,093	68,704,291
Transportation	503,808	157,470	-	661,278
Total public works	472,858,082	5,652,642	642,565	477,868,159
Cultural and Recreational				
Parks and recreational	7,260,927	31,903	485,168	6,807,662
Planning and Community				
Development				
Planning and zoning	837,524	26,676	225,808	638,392
Section 8, Housing Assistance	46,766	-	5,313	41,453
Community development	27,079	24,500	51,579	-
Total planning and community development	911,369	51,176	282,700	679,845
Total capital assets	\$ 538,547,106	\$ 13,227,263	\$ 5,919,607	\$ 545,854,762

Supplemental Information

- Budget to actual comparison for other major and nonmajor governmental funds, enterprise funds and internal service fund of the primary government.
- Schedule of Ad Valorem Tax Receivable
- Analysis of Current Tax Levy
- Schedule of Cash and Investment Balances
- Supplemental Financial Data Schedule for Section 8 Programs

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HOUSING ASSISTANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,440,063	\$ 3,468,563	\$ 3,485,202	\$ 16,639
Investment earnings	-	-	4,193	4,193
Program income	-	-	13,642	13,642
Total revenues	3,440,063	3,468,563	3,503,037	34,474
Expenditures				
Administration	296,579	325,079	267,758	57,321
Housing assistance payments	3,143,484	3,143,484	3,151,869	(8,385)
Total expenditures	3,440,063	3,468,563	3,419,627	48,936
Excess of revenues over expenditures	\$ -	\$ -	83,410	\$ (14,462)
Fund Balance				
Beginning			298,484	
Ending			<u>\$ 381,894</u>	

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B99-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 332,000	\$ 292,348	\$ 35,555	\$ 327,903
Program income	76,062	76,062	-	76,062
Total revenues	408,062	368,410	35,555	403,965
Expenditures				
Administration	81,612	81,612	-	81,612
Rehabilitation	326,450	286,798	35,555	322,353
Total expenditures	408,062	368,410	35,555	403,965
Excess of revenues over (under)				
expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B00-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 333,000	\$ 63,297	\$ 264,018	\$ 327,315
Program income	170,882	170,882	-	170,882
Total revenues	503,882	234,179	264,018	498,197
Expenditures				
Administration	102,122	47,525	53,022	100,547
Rehabilitation	401,760	186,654	210,996	397,650
Total expenditures	503,882	234,179	264,018	498,197
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B01-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 409,000	\$ -	\$ 308,836	\$ 308,836
Program income	153,639	153,639	-	153,639
Total revenues	562,639	153,639	308,836	462,475
Expenditures				
Administration	108,977	2,285	59,734	62,019
Rehabilitation	453,662	122,486	277,973	400,459
Total expenditures	562,639	124,771	337,707	462,478
Excess of revenues over (under) expenditures	\$ -	\$ 28,868	\$ (28,871)	\$ (3)

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B02-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 413,000	\$ -	\$ -	\$ -
Program income	115,000	-	119,863	119,863
Total revenues	528,000	-	119,863	119,863
Expenditures				
Administration	105,600	-	4,906	4,906
Rehabilitation	422,400	-	77,946	77,946
Total expenditures	528,000	-	82,852	82,852
Excess of revenues over expenditures	\$ -	\$ -	\$ 37,011	\$ 37,011

PUBLIC HOUSING DRUG ELIMINATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2003**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 173,105	\$ 136,434	\$ 18,873	\$ 155,307
Expenditures				
Capital outlay	38,185	20,675	-	20,675
Public services	19,085	27,055	-	27,055
Protective services	115,835	92,335	19,222	111,557
Total expenditures	173,105	140,065	19,222	159,287
Excess of revenues over (under) expenditures	\$ -	\$ (3,631)	(349)	\$ (3,980)
Fund Balance				
Beginning			27,567	
Ending			<u>\$ 27,218</u>	

BROWNFIELD COOP AGREEMENT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2003**

	Total Project Budget	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 250,000	\$ 244,932	\$ 2,557	\$ 247,489
Expenditures				
Administration	17,450	16,014	124	16,138
Rehabilitation	232,550	228,973	2,378	231,351
Total expenditures	250,000	244,987	2,502	247,489
Excess of revenues over (under)				
expenditures	\$ -	\$ (55)	55	\$ -
Fund Balance (Deficit)				
Beginning			(55)	
Ending			\$ -	

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2003**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursement	\$ 952,014	\$ 434,203	\$ 252,476	\$ 686,679
Program income	845,016	665,157	331,608	996,765
Other income	14,134	-	14,659	14,659
Total revenues	1,811,164	1,244,123	598,743	1,698,103
Expenditures				
Administration	263,369	205,888	50,824	256,712
Rehabilitation	1,807,795	1,114,967	352,367	1,467,334
Total expenditures	2,071,164	951,327	403,191	1,724,046
Excess (deficiency) of revenues over expenditures	(260,000)	292,796	195,552	(25,943)
Other Financing Sources				
Transfers in	260,000	307,500	37,500	345,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ 600,296	233,052	\$ 319,057
Fund Balance				
Beginning			86,005	
Ending			\$ 319,057	

FIREFIGHTER GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2003**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Contributions	\$ 71,666	\$ -	\$ 65,416	\$ 65,416
Restricted intergovernmental revenues	326,210	-	305,524	305,524
Total revenues	397,876	-	370,940	370,940
Expenditures				
Capital outlays	451,614	-	397,494	(397,494)
Professional services	14,400	-	39,112	(39,112)
Total expenditures	466,014	-	436,606	(436,606)
Deficiency of revenues over expenditures	(68,138)	-	(65,666)	807,546
Other Financing Sources				
Transfers from other funds	68,138	-	68,138	(68,138)
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ -	\$ 2,472	\$ 739,408
Fund Balance				
Beginning			-	
Ending			\$ 2,472	

MUNICIPAL SERVICE DISTRICT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 74,883	\$ 74,883	\$ 59,372	\$ (15,511)
Expenditures				
Community development	74,883	74,883	59,372	15,511
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

TRANSPORTATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ -	\$ -	\$ 45,664	\$ 45,664
Investment earnings	40,000	40,000	45,168	5,168
Total revenues	40,000	40,000	90,832	50,832
Expenditures				
Contract services	638	638	-	638
Capital outlay	357,707	1,996,337	176,927	1,819,410
Total expenditures	358,345	1,996,975	176,927	1,820,048
Deficiency of revenues over expenditures	(318,345)	(1,956,975)	(86,095)	(1,769,216)
Other Financing Sources (Uses)				
Appropriated fund balance	-	1,719,822	-	(1,719,822)
Transfers in	1,134,338	1,053,146	1,053,146	-
Transfers out	(815,993)	(815,993)	(815,263)	730
Total other financing sources	318,345	1,956,975	237,883	(1,719,092)
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ -	151,788	\$ 151,788
Fund Balance				
Beginning			2,219,822	
Ending			<u>\$ 2,371,610</u>	

PUBLIC WORKS COMPLEX CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2003**

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Contributions	\$ -	\$ 185,365	\$ -	\$ 185,365
Investment earnings	87,005	308,135	2,655	310,790
Miscellaneous earnings	5,920	5,153	-	5,153
Total revenues	92,925	498,653	2,655	501,308
Expenditures				
Administrative	504,798	230,992	-	230,992
Capital outlay	3,568,599	3,588,991	-	3,588,991
Total expenditures	4,073,397	3,819,983	-	3,819,983
Excess (deficiency) of revenues over expenditures	(3,980,472)	(3,321,330)	2,655	(3,318,675)
Other Financing Sources				
Bond proceeds	3,980,472	4,002,453	-	4,002,453
Transfer to other funds	-	-	(683,778)	(683,778)
Total other financing sources	3,980,472	4,002,453	(683,778)	3,318,675
Excess of revenues and other financing sources over expenditures	\$ -	\$ 681,123	(681,123)	\$ -
Fund Balance				
Beginning			681,123	
Ending			\$ -	

ELECTRIC OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Changes for services	\$ 43,500,000	\$ 45,926,494	\$ 45,965,880	\$ 39,386
Other operating revenues	495,000	494,500	560,413	65,913
Total operating revenues	43,995,000	46,420,994	46,526,293	105,299
Operating Expenditures				
Administration	420,294	426,063	394,679	31,384
Purchased power	27,023,000	28,773,000	28,410,812	362,188
Power line and plant	11,559,654	11,516,792	8,972,896	2,543,896
Total operating expenditures	39,002,948	40,715,855	37,778,387	2,937,468
Nonoperating Revenues (Expenditures)				
Capital outlay	(1,847,200)	(1,424,565)	(752,211)	672,354
Interest earned on investments	300,000	300,000	395,703	95,703
Debt service and capital lease payments	(2,122,637)	(2,253,552)	(2,124,111)	129,441
Appropriated Fund Balance	1,416,386	1,773,057	-	(1,773,057)
Loss on sale of capital assets	-	-	(225,004)	(225,004)
Other income	-	273,737	215,737	(58,000)
Total nonoperating expenditures	(2,253,451)	(1,331,323)	(2,489,886)	(1,158,563)
Income before capital contributions and transfers	2,738,601	4,373,816	6,258,020	1,884,204
Transfers In	-	-	35,000	35,000
Transfers Out				
To Regional Airport Fund	(1,497,349)	(1,497,349)	(1,497,349)	-
To Project Fund	-	(1,635,215)	(1,635,215)	-
To Sewer Fund	(1,241,252)	(1,241,252)	(1,241,252)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	1,919,204	\$ 1,919,204
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,575,866)	
Capital outlay			752,211	
Debt service			1,137,191	
Change in net assets			<u>\$ 1,232,740</u>	

1998 REVENUE BONDS CAPITAL PROJECT FUND - ELECTRIC FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 53,114	\$ 1,145,381	\$ 9,888	\$ 1,155,269
Miscellaneous revenues	-	51,444	-	51,444
	53,114	1,196,825	9,888	1,206,713
Expenditures				
Administrative	1,475,669	823,460	-	823,460
Capital outlay:				
Public Works/Utility Complex	4,787,439	4,786,764	-	4,786,764
Delivery #1 Fifth Breaker/Line	45,838	45,838	-	45,838
Delivery #3 Transmission	4,281,415	4,195,024	84,337	4,279,361
Concord Mills Mall Substation	1,215,542	1,215,542	-	1,215,542
Distribution Substations	1,351,144	1,182,090	47,939	1,230,029
International Business Park	134,663	134,662	-	134,662
Delivery #3 Circuits 3 and 4	1,334,090	642,934	695,127	1,338,061
Total expenditures	14,625,800	13,026,314	827,403	13,853,717
Deficiency of revenues over expenditures	(14,572,686)	(11,829,489)	(817,515)	(12,647,004)
Other Financing Sources				
Bond proceeds	14,572,686	14,572,686	-	14,572,686
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,743,197	(817,515)	\$ 1,925,682
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			827,403	
Change in net assets			\$ 9,888	

2002 REVENUE BONDS CAPITAL PROJECT FUND - ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 27,868	\$ -	\$ 34,392	\$ 34,392
	27,868	-	34,392	34,392
Expenditures				
Capital outlay:				
100 KV - Substation J	950,000	-	859,519	859,519
100 KV - Substation K	3,185,000	-	631,642	631,642
100 KV - Substation E	2,100,000	-	292,530	292,530
Sub C Conversion	185,215	-	180,086	180,086
Debt service reserve:	4,872,797	-	-	-
Total expenditures	11,293,012	-	1,963,777	1,963,777
Deficiency of revenues over expenditures	(11,265,144)	-	(1,929,385)	(1,929,385)
Other Financing Sources				
Operating Transfer In	1,635,215	-	1,635,215	1,635,215
Bond proceeds	9,629,929	-	9,629,929	9,629,929
	11,265,144	-	11,265,144	11,265,144
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	9,335,759	\$ 9,335,759
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			1,963,777	
Bond proceeds			(9,629,929)	
Change in net assets			\$ 1,669,607	

WATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 11,340,811	\$ 10,490,811	\$ 10,662,087	\$ 171,276
Other operating revenues	978,250	1,005,793	983,168	(22,625)
Total operating revenues	12,319,061	11,496,604	11,645,255	148,651
Operating Expenditures				
Water plants and lakes	6,139,937	5,531,472	4,110,380	1,421,092
Water line operation and maintenance	4,179,834	3,901,741	3,719,270	182,471
Total operating expenditures	10,319,771	9,433,213	7,829,650	1,603,563
Nonoperating Revenues (Expenditures)				
Interest earned on investments	160,000	160,000	290,283	130,283
Capital outlay	(156,300)	(251,233)	(131,799)	119,434
Debt service	(3,500,327)	(3,687,091)	(3,436,802)	250,289
Loss on sale of capital assets	-	-	(154,761)	(154,761)
Miscellaneous revenues	2,000	88,422	88,397	(25)
Appropriated Fund Balance	1,495,337	1,626,510	-	(1,626,510)
Total nonoperating expenditures	(1,999,290)	(2,063,391)	(3,344,682)	(1,281,291)
Loss before capital contributions	-	-	470,923	470,923
Capital Contributions	-	-	2,095,502	2,095,502
Excess of revenues over expenditures	\$ -	\$ -	2,566,425	\$ 2,566,425
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,004,834)	
Capital outlay			131,799	
Debt service			1,944,051	
Change in net assets			<u>\$ 2,637,441</u>	

1998 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 1,904,449	\$ 728,342	\$ 6,661	\$ 735,003
Miscellaneous revenues	85,560	10,233	-	10,233
Total revenues	1,990,009	738,575	6,661	745,236
Expenditures				
Administrative	904,512	471,194	-	471,194
Capital outlay:				
Public Works/Utility Complex	1,795,290	1,795,037	-	1,795,037
Water Pump Station at Coddle	428,812	428,812	-	428,812
Corning/Midland Waterline	724,123	724,123	-	724,123
Concord Mills Boulevard	277,841	277,841	-	277,841
Mills Mall Loop	970,072	970,072	-	970,072
Highway 73 East Water Tank	907,528	301,369	590,589	891,958
Water Plant to Odell School	1,338,652	1,338,653	-	1,338,653
Poplar Tent/Pitts School	346,631	346,631	-	346,631
Utility Complex Water Line	108,066	108,066	-	108,066
Cabarrus Ave at Corban	91,539	91,539	-	91,539
DOT Relocation - Highway 24/27	262,325	262,325	-	262,325
Morris Glen	33,337	33,337	-	33,337
Rama Woods	62,062	62,062	-	62,062
Branchview Drive Extension	275,506	275,506	-	275,506
Sycamore Property	409,328	409,328	21	409,349
Crisco Road	42,368	42,368	-	42,368
Wolf Meadow	79,058	79,058	-	79,058
Replacement tanks	78,156	-	78,156	78,156
DOT - RR Bridge Relocation	139,484	139,484	-	139,484
Speedway Tank Loop	248,261	248,316	-	248,316
Christenbury/Beard Line	148,609	148,609	-	148,609
Water System Flow Improvement	90,083	90,083	-	90,083
Belt Road	70,305	70,305	-	70,305
NC 29 Widening	326,758	326,758	-	326,758
Westside Bypass	443,624	-	342,861	342,861
Zion Church Waterline	221,452	221,452	-	221,452
Rock Hill Pump Station	51,135	51,135	-	51,135

1998 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) (Continued)
From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Other Financing Sources				
Bond proceeds	<u>\$ 9,514,310</u>	<u>\$ 9,514,310</u>	<u>\$ -</u>	<u>\$ 9,514,310</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 310,137</u>	<u>(1,004,966)</u>	<u>\$ (694,829)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>1,011,627</u>	
Change in net assets			<u>\$ 6,661</u>	

2002 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 104,836	\$ -	\$ 129,379	\$ 129,379
Expenditures				
Administrative	637,586	187,881	432,557	620,438
Capital Outlay:				
Capitalized Interest	723,939	-	663,788	663,788
Peak Shaving Generator	321,980	-	27,136	27,136
Hillgrove Treatment Plant	3,933,639	3,689,987	230,117	3,920,104
Highway 73 East Tank	1,159,400	128,862	907,758	1,036,620
Coddle Creek Plant Upgrade	5,919,043	3,642,483	933,458	4,575,941
Exposition Center Water Line	1,707,808	695,932	1,011,876	1,707,808
Eastfield Water Line	4,383,394	184,927	3,306,031	3,490,958
Total expenditures	18,786,789	8,530,072	7,512,721	16,042,793
Loss before other financing sources	(18,681,953)	(8,530,072)	(7,383,342)	(15,913,414)
Other Financing Sources				
Bond proceeds	18,681,953	-	15,913,415	15,913,415
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (2,282,475)	8,530,073	\$ (129,378)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			7,512,721	
Bond proceeds			(15,913,415)	
Change in net assets			\$ 129,379	

WASTEWATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 8,758,316	\$ 8,458,316	\$ 8,513,374	55,058
Other operating revenues	815,000	952,489	847,999	(104,490)
Total operating revenues	9,573,316	9,410,805	9,361,373	(49,432)
Operating Expenditures				
Wastewater line and plant	8,618,071	8,424,170	7,698,552	725,618
Nonoperating Revenues (Expenditures)				
Interest earned on investments	75,000	75,000	159,745	84,745
Loan repayments	373,187	373,187	373,187	-
Capital outlay	(90,041)	(420,626)	(267,995)	152,631
Debt service	(3,085,355)	(3,085,367)	(2,978,865)	106,502
Loss on sale of capital assets	-	-	(25,298)	(25,298)
Miscellaneous revenues	-	9,528	9,528	-
Appropriated Fund Balance	530,712	820,391	-	(820,391)
Total nonoperating expenditures	(2,196,497)	(2,227,887)	(2,729,698)	(501,811)
Loss before capital contributions and transfers in	(1,241,252)	(1,241,252)	(1,066,877)	174,375
Capital Contributions	-	-	2,417,480	2,417,480
Transfers In				
From Electric Fund	1,241,252	1,241,252	1,241,252	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	2,591,855	\$ 2,591,855
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,653,009)	
Capital outlay			267,995	
Debt service			1,734,871	
Principal payments received on notes			(249,709)	
Change in net assets			<u>\$ 2,692,003</u>	

1998 REVENUE BONDS CAPITAL PROJECT FUND - WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 557,654	\$ 396,001	\$ 4,216	\$ 400,217
Miscellaneous revenues	85,560	6,673	-	6,673
Total revenues	643,214	402,674	4,216	406,890
Expenditures				
Administrative	756,736	432,260	-	432,260
Capital outlay:				
Public Works/Utility Complex	1,795,292	1,795,035	-	1,795,035
Woodcreek	4,745	4,745	-	4,745
Morris Glen	299,513	289,751	-	289,751
Rama Woods	155,679	155,679	-	155,679
Branchview Drive Extension	225,352	225,352	-	225,352
Crisco Road	28,952	28,952	-	28,952
Mills Group (On Site)	955,003	955,003	-	955,003
Mills Group (Off Site)	321,958	321,958	-	321,958
System Rehabilitation	343,391	343,391	-	343,391
Cannon Mills Plant 2 Replacement	192,448	192,448	-	192,448
Elm Ave. to Academy Replacement	13,926	13,926	-	13,926
Franklin Ave. Replacement	103,208	103,208	-	103,208
Irish Buff Creek Outfall	68,126	68,126	-	68,126
3 Mile/Hahn/Virginia Replacement	11,839	11,839	-	11,839
New Hanover Outfall	84,614	84,614	-	84,614
Union Cemetery Outfall	134,221	134,221	-	134,221
Caldwell Creek Outfall	88,089	88,089	-	88,089
Victory Lane Outfall	314,823	314,819	-	314,819
Speedway Blvd Sewer Main	120,995	120,995	-	120,995
Archibald Wastewater	12,709	12,709	-	12,709
Pitts School South Area	15,000	15,000	-	15,000
Belt Road	258,330	258,330	-	258,330
Morris Road Pumpstation	32,509	32,509	-	32,509
Highland Ridge Pumpstation	13,593	13,593	-	13,593
WW Flower Park	8,325	8,325	-	8,325
Wilshire Drive Replacement	64,704	64,704	-	64,704
Poplar Tent & Pitts School	177,905	-	176,010	176,010
Weddington Road	467,180	467,180	-	467,180

1998 REVENUE BONDS CAPITAL PROJECT FUND - WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Other Financing Sources				
Bond proceeds	\$ 6,425,951	\$ 6,425,951	\$ -	\$ 6,425,951
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 271,864	(171,794)	\$ 100,070
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			176,010	
Change in net assets			\$ 4,216	

GOLF COURSE OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,265,691	\$ 999,147	\$ 999,370	\$ 223
Other operating revenues	540,201	431,745	399,335	(32,410)
Total operating revenues	1,805,892	1,430,892	1,398,705	(32,187)
Operating Expenditures				
Professional services	859,016	859,016	783,587	75,429
Operating supplies	233,005	233,005	253,555	(20,550)
Maintenance	130,062	130,062	148,865	(18,803)
Other operating costs	279,120	279,120	237,888	41,232
Total operating expenditures	1,501,203	1,501,203	1,423,895	77,308
Nonoperating Revenues (Expenditures)				
Interest earned on investment	2,900	2,900	670	(2,230)
Capital outlay	(12,000)	(12,000)	-	12,000
Debt service	(11,089)	(11,089)	(10,653)	436
Loss on sale of capital assets	-	-	(17,066)	(17,066)
Miscellaneous revenue	2,490	2,490	(3,506)	(5,996)
Total nonoperating expenditures	(17,699)	(17,699)	(30,555)	(12,856)
Income before transfers	286,990	(88,010)	(55,745)	32,265
Transfers in (out)				
From general fund	324,275	699,275	699,275	-
Among golf course funds	(611,265)	(611,265)	(611,227)	38
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	32,303	\$ 32,303
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(14,805)	
Debt service			11,362	
Change in net assets			\$ 28,860	

REGIONAL AIRPORT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 5,085,082	\$ 5,085,082	\$ 5,179,376	\$ 94,294
Other operating revenues	10,090	10,090	7,004	(3,086)
Total operating revenues	5,095,172	5,095,172	5,186,380	91,208
Operating Expenditures				
Airport operation and maintenance	5,194,006	5,113,137	4,834,772	278,365
Total operating expenditures	5,194,006	5,113,137	4,834,772	278,365
Nonoperating Revenues (Expenditures)				
Interest earned on investment	-	-	25,385	25,385
Capital outlay	(1,800,500)	(6,355,058)	(2,487,356)	3,867,702
Debt service	(422,647)	(422,647)	(415,334)	7,313
Miscellaneous revenues	-	17,748	(32,875)	(50,623)
Appropriated Fund Balance	-	371,606	-	(371,606)
Total nonoperating expenditures	(2,223,147)	(6,388,351)	(2,910,180)	3,478,171
Income (loss) before capital contributions and transfers	(2,321,981)	(6,406,316)	(2,558,572)	3,847,744
Capital Contributions	2,250,000	6,656,558	2,963,849	(3,692,709)
Transfers In (Out)				
From Electric Fund	1,497,349	1,497,349	1,497,349	-
Among Airport Funds	(1,425,368)	(1,425,368)	(1,425,368)	-
To Project Fund	-	(322,223)	-	322,223
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	477,258	\$ 477,258
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(904,221)	
Capital outlay			2,487,356	
Debt service			366,189	
Change in net assets			\$ 2,426,582	

HOUSING DEPARTMENT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 327,500	\$ 327,500	\$ 237,021	\$ (90,479)
Operating Expenditures				
Administrative	279,350	327,350	305,164	22,186
Utilities	227,890	237,890	233,290	4,600
Housing maintenance and repairs	253,580	253,580	230,401	23,179
Total operating expenditures	760,820	818,820	768,855	49,965
Nonoperating Revenues (Expenditures)				
Operating subsidy	454,023	454,023	454,023	-
Interest earned on investments	10,000	10,000	12,614	2,614
Miscellaneous	2,400	2,400	11,705	9,305
Capital outlay	(33,103)	(10,103)	-	10,103
Loss on sale of capital assets	-	-	(34,603)	(34,603)
Total nonoperating revenues	433,320	456,320	443,739	(12,581)
Loss before contributed capital	-	(35,000)	(88,095)	(53,095)
Contributed capital	-	35,000	564,565	529,565
Deficiency of revenues over expenditures	\$ -	\$ -	476,470	\$ 476,470
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(199,402)	
Change in net assets			\$ 277,068	

COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital outlay	\$ 529,566	\$ 529,566	\$ -	\$ 529,566
Other Financing Sources (Uses)				
Federal grants	529,566	529,566	-	529,566
Excess of other financing sources over expenditures	-	-	-	-
Transfers In (Out)				
From General Fund	-	-	27,217	27,217
Operating transfer out	-	-	(529,565)	(529,565)
Excess of other financing sources over expenditures and transfers	\$ -	\$ -	\$ (502,348)	\$ (502,348)

CAPITAL FUND PROJECT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2003**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital outlay	\$ 795,374	\$ 229,117	\$ 199,667	\$ 428,784
Other Financing Sources (Uses)				
Federal grants	964,270	335,865	234,667	570,532
Excess of other financing sources over expenditures	168,896	106,748	35,000	141,748
Transfers Out				
Among Housing Department Funds	(168,896)	(106,748)	(35,000)	(141,748)
Excess of other financing sources over expenditures and transfers	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			199,667	
Change in net assets			\$ 199,667	

TRANSIT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2003**

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 275,720	\$ -	\$ 194,434	\$ 194,434
Operating Expenditures				
Professional services	307,871	-	93,346	93,346
Capital outlay	2,292,857	-	-	-
Miscellaneous	3,000	-	3,384	3,384
Total operating expenditures	2,603,728	-	96,730	96,730
Nonoperating Revenues (Expenditures)				
Operating subsidy	2,328,008	-	48,376	48,376
Interest earned on investments	-	-	750	750
Total nonoperating revenues	2,328,008	-	49,126	49,126
Net income	\$ -	\$ -	\$ 146,830	\$ 146,830

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 1,529,809	\$ 1,500,593	\$ 29,216
Professional services	76,688	56,314	20,374
Other expenses	415,562	306,676	108,886
Capital outlay	162,675	-	162,675
Debt service	72,293	1,205	71,088
Building and grounds allocation	(2,257,027)	(1,954,185)	(302,842)
	-	(89,397)	89,397
Data Services			
Professional services	616,470	605,849	10,621
Other expenses	192,800	171,834	20,966
Capital outlay	137,300	-	137,300
Debt service	37,269	1,427	35,842
Data services allocation	(983,839)	(846,012)	(137,827)
	-	(66,902)	66,902
Fleet Services			
Salaries and benefits	670,599	622,789	47,810
Other expenses	831,832	656,478	175,354
Capital outlay	4,500	-	4,500
Debt service	36,678	(1,700)	38,378
Fleet services allocation	(1,543,609)	(1,318,127)	(225,482)
	-	(40,560)	40,560
Engineering			
Salaries and benefits	1,470,125	1,333,691	136,434
Professional services	10,860	5,017	5,843
Other expenses	134,590	95,054	39,536
Capital outlay	82,600	-	82,600
Debt service	43,169	922	42,247
Engineering allocation	(1,741,344)	(1,484,258)	(257,086)
	-	(49,574)	49,574
Customer Service			
Salaries and benefits	543,160	538,167	4,993
Professional services	3,572	-	3,572
Other expenses	56,478	35,212	21,266
Capital outlay	3,302	-	3,302

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Billing			
Salaries and benefits	\$ 632,013	\$ 577,830	54,183
Professional services	22,500	8,995	13,505
Other expenses	225,019	185,396	39,623
Capital Outlay	26,382	-	26,382
Debt service	11,490	(86)	11,576
Billing allocation	(917,404)	(805,356)	(112,048)
	-	(33,221)	33,221
Call Center			
Salaries and benefits	219,255	221,337	(2,082)
Other expenses	22,703	14,062	8,641
Capital Outlay	8,033	-	8,033
Debt service	18,002	693	17,309
Billing allocation	(267,993)	(246,056)	(21,937)
	-	(9,964)	9,964
Warehouse Operations			
Salaries and benefits	455,670	444,572	11,098
Professional services	1,453	239	1,214
Other expenses	51,548	38,499	13,049
Capital outlay	21,600	-	21,600
Debt service	6,464	(53)	6,517
Warehouse allocation	(536,735)	(523,825)	(12,910)
	-	(40,568)	40,568
Utilities Collection			
Salaries and benefits	190,780	184,045	6,735
Other expenses	62,807	59,087	3,720
Utilities collection allocation	(253,587)	(245,097)	(8,490)
	-	(1,965)	1,965
Excess of revenues over expenditures	\$ -	(333,603)	\$ 333,603
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		333,603	
Loss on sale of capital asset		(173,989)	
Change in net assets		\$ (173,989)	

FIRST CONCORD CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 480,856	\$ 250,000	\$ 430,856	\$ 680,856
Investment earnings	1,463,381	1,833,670	58,043	1,891,713
Miscellaneous earnings	27,509	29,915	-	29,915
Other revenues	2,811	1,880	6,612	8,492
Total revenue	1,974,557	2,115,465	495,511	2,610,976
Expenditures				
Debt service	18,836,847	18,964,848	5,166,485	24,131,333
Cost of issuance	1,620,016	1,103,027	-	1,103,027
Administration	605,164	649,264	-	649,264
Capital outlay:				
Weddington Road	7,350,989	7,323,696	(11,874)	7,311,822
Kings Grant Road	2,019,636	2,019,636	-	2,019,636
Equipment Purchase	2,932,997	2,931,872	-	2,931,872
Lake Concord Road Widening	5,678,072	3,508,547	2,833,151	6,341,698
International Drive Turnlane	293,062	108,678	9,700	118,378
Pitt School Turnlane	432,717	394,883	-	394,883
Roberta Church Turnlane	42,728	41,510	-	41,510
Central Drive Turnlane	1,730,633	1,333,138	188,378	1,521,516
Green Street Turnlane	57,294	57,294	-	57,294
Treatment Plant Turnlane	84,732	84,732	-	84,732
Roberta Road Intersection	398,164	270,739	109,047	379,786
Old Charlotte Intersection	391,721	349,404	2,500	351,904
Rock Hill Church Intersection	142,647	131,147	-	131,147
Municipal Parking Deck	3,850,000	3,738,164	31,785	3,769,949
Fire Station #7	2,611,986	1,554,667	14,310	1,568,977
Fire Station #8	2,338,014	1,724,738	529,492	2,254,230
Poplar Tent Park	1,017,000	821,154	-	821,154
Les Myers Park	1,311,000	1,300,580	-	1,300,580
Caldwell Park	1,550,388	1,542,975	-	1,542,975
Hartsell Recreation Center Addition	231,507	231,114	-	231,114
Academy Addition	336,593	331,097	-	331,097
Branchview Greenway	472,656	14,361	71,338	85,699
Academy Creek Greenway	300,000	7,381	11,750	19,131
Passive Civic Park	461,712	-	48,051	48,051

FIRST CONCORD CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2003

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Golf course land	2,004,020	2,004,020	-	2,004,020
Golf course construction	6,496,809	6,497,009	-	6,497,009
HIC-C	1,374,697	1,374,697	-	1,374,697
Hangar in common	1,444,016	1,444,016	-	1,444,016
T-Hangar	1,440,234	1,436,253	-	1,436,253
Hanger E	2,000,000	1,696,047	-	1,696,047
Corporate Hangers	1,400,000	1,170,637	57,634	1,228,271
Hangar D	1,994,099	1,994,099	-	1,994,099
Business Park	1,658,046	1,658,046	-	1,658,046
Maintenance Hangar	1,608,224	1,608,224	-	1,608,224
Paving	109,698	109,698	-	109,698
Police Headquarters	9,000,000	-	97,265	97,265
Other improvements	-	424,659	-	424,659
Total expenditures	87,628,118	71,956,051	9,159,012	81,115,063
Deficiency of revenues over expenditures	(85,653,561)	(69,840,586)	(8,663,501)	(78,504,087)
Other Financing Sources				
Transfers in	17,164,809	13,831,579	5,561,394	19,392,973
Bond proceeds	68,488,752	59,416,304	-	59,416,304
Total other financing sources	85,653,561	73,247,883	5,561,394	78,809,277
Excess of revenues and other financing sources over expenditures	\$ -	\$ 3,407,297	(3,102,107)	\$ 305,190
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Governmental activities			3,934,893	
Capital outlay - Business-type activities			57,634	
Debt service principal payments			2,785,000	
Depreciation and amortization			(1,514,466)	
Change in net assets			\$ 2,160,954	
The change in First Concord net assets is allocated as follows:				
Debt Service Fund			\$ 3,689,975	
Public Roadway Capital Project Fund			(2,126,995)	
Golf Course Fund			(23,194)	
Regional Airport Fund			621,168	
			\$ 2,160,954	

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2003

Fiscal Year	Uncollected Balance June 30, 2002	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2003
2002 - 2003	\$ -	\$ 26,200,348	\$ 25,573,728	\$ 626,620
2001 - 2002	650,315	-	408,705	241,610
2000 - 2001	367,607	-	147,116	220,491
1999 - 2000	129,688	-	111,426	18,262
1998 - 1999	49,308	-	11,512	37,796
1997 - 1998	27,766	-	7,195	20,571
1996 - 1997	20,207	-	4,517	15,690
1995 - 1996	15,581	-	1,638	13,943
1994 - 1995	9,722	-	779	8,943
1993 - 1994	18,564	-	512	18,052
1992 - 1993	35,256	-	35,256	-
	<u>\$ 1,522,405</u>	<u>\$ 26,200,348</u>	<u>\$ 26,302,384</u>	<u>1,221,978</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>329,522</u>
Ad valorem taxes receivable				<u><u>892,456</u></u>
		General Fund	Municipal Service District Fund	
Reconciliation to revenue:				
Taxes, ad valorem		\$ 26,169,451	\$ 58,481	
Penalties collected		38,886	865	
Taxes written off		34,675	26	
Total collections and credits		<u>\$ 26,243,012</u>	<u>\$ 59,372</u>	\$ 26,302,384
Refunds and discounts				(62,266)
Interest billed and collected during the year				157,932
Taxes written off				(34,701)
Total Ad valorem taxes				<u><u>\$ 26,363,349</u></u>

ANALYSIS OF CURRENT TAX LEVY

Year Ended June 30, 2003

	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 5,360,874,000	0.45	\$ 24,123,933	\$ 24,123,933	\$ -
Current year's rate, Motor vehicles	269,016,667	0.45	1,210,575	-	1,210,575
Prior year taxes, Motor vehicles	190,944,889	0.45	859,252	-	859,252
Penalties		-	26,635	26,635	-
Discoveries/additional listings:					
Current year taxes, City wide	42,743,778	0.45	192,347	192,347	-
Current year's rate, Motor vehicles	1,441,334	0.45	6,486	-	6,486
Prior year taxes, Motor vehicles	7,335,778	0.45	33,011	-	33,011
Abatements:					
Current year's rate, City wide	(43,825,112)	0.45	(197,213)	(197,213)	-
Prior year taxes, City wide	(12,227,556)	0.45	(55,024)	(55,024)	-
Current year's rate, Motor vehicles	(5,302,000)	0.45	(23,859)	-	(23,859)
Prior year taxes, Motor vehicles	(7,844,667)	0.45	(35,301)	-	(35,301)
Total for year	\$ 5,803,157,111		26,140,842	24,090,678	2,050,164
Less uncollected tax at June 30, 2003			564,127	317,709	246,418
Current year's taxes collected			\$ 25,576,715	\$ 23,772,969	\$ 1,803,746
Current levy collection percentage			97.84%	98.68%	87.98%
Distribution of levy:					
General Fund			\$ 26,140,842		

SCHEDULE OF CASH AND INVESTMENT BALANCES

June 30, 2003

	Reported Value	Fair Value
Cash		
On hand	\$ 29,860	\$ 29,860
Demand deposits	(616,269)	(616,269)
Certificates of deposit	2,128,919	2,128,919
Total cash	1,542,510	1,542,510
Investments		
North Carolina Capital Management Trust	35,652,614	35,652,614
FNMA Discount Notes	1,125,900	1,077,925
Federal Home Loan	17,065,117	17,010,650
Commercial Paper	15,885,461	15,969,360
State Government Securities	2,000,000	2,000,000
Banker Acceptance	1,987,500	1,996,940
Government National Mortgage Association	1,052	738
Money Market Funds, held in trust	54	54
Total investments	73,717,698	73,708,281
Total cash and investments	\$ 75,260,208	\$ 75,250,791
Distribution by Fund		
General Fund		\$ 24,235,518
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		527,655
Community Development		32,551
Home		311,268
Transportation Fund		2,337,803
Debt Service Fund (Restricted)		1,629,451
Capital Project Funds:		
Public Roadway:		
Unrestricted		3,684,747
Enterprise Funds:		
Electric Fund:		
Unrestricted	13,451,777	
Restricted	5,295,674	18,747,451

SCHEDULE OF CASH AND INVESTMENT BALANCES (Continued)**June 30, 2003**

Distribution by Fund (Continued)

Water Fund:

Unrestricted

9,043,189

Restricted

5,744,450**14,787,639**

Wastewater Fund:

Unrestricted

4,786,765

Restricted

1,585,035**6,371,800**

Regional Airport Fund:

Unrestricted

1,369,619

Restricted

220,942**1,590,561**

Golf Course Fund - Unrestricted

303,521

Housing Department Fund - Unrestricted

568,697

CIAP and Capital Projects Funds - Unrestricted

560

Transit Fund - Unrestricted

121,569**Total reported value****\$ 75,250,791**

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 PROGRAMS
June 30, 2003

Line Item	Account Description	Total
Assets:		
Current Assets:		
Cash:		
111	Cash - unrestricted	\$ 568,697
100	Total cash	<u>568,697</u>
Accounts and notes receivable:		
124	Accounts receivable - other government	4,281
125	Accounts receivable - miscellaneous	874
126	Accounts receivable - tenants- dwelling rents	18,659
126.1	Allowance for doubtful accounts - dwelling rents	(9,170)
129	Accrued interest receivable	3,837
120	Total receivables	<u>18,481</u>
142	Prepaid expenses and other assets	3,454
143	Inventories	9,668
150	Total current assets	<u>600,300</u>
Noncurrent Assets:		
161	Land	1,403,555
162	Buildings	2,973,321
163	Furniture, equipment and machinery - dwellings	18,880
164	Furniture, equipment and machinery - administration	94,625
166	Accumulated depreciation	(2,523,350)
180	Total non-current assets	<u>1,967,031</u>
190	Total Assets	<u>\$ 2,567,331</u>
Liabilities and Equity:		
Liabilities:		
Current Liabilities:		
312	Accounts payable (greater than or equal to 90 days)	\$ 22,692
321	Accrued wage/payroll taxes payable	5,576
322	Accrued compensated absences	14,172
341	Tenant security deposits	41,321
345	Other current liabilities	27,217
310	Total current liabilities	<u>110,978</u>
300	Total liabilities	<u>110,978</u>
Equity:		
Contributed Capital:		
508.1	Invested in capital assets, net of related debt	1,967,031
512.1	Unrestricted net assets	489,322
513	Total equity	<u>2,456,353</u>
600	Total liabilities and equity	<u>\$ 2,567,331</u>

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 PROGRAMS (Continued)
Year Ended June 30, 2003

Line Item	Account Description	Voucher Program 14.855
Revenues:		
703	Net tenant rental revenue	\$ 237,021
706	HUD PHA grants	454,023
715	Other income	24,320
700	Total revenues	715,364
Expenses:		
Administrative:		
911	Administrative salaries	140,317
912	Auditing fees	388
914	Compensated absences	14,172
915	Employee benefit contributions	69,585
916	Other operating - administrative	30,086
924	Tenant services - other	24,289
931	Water	38,710
932	Electricity	59,577
933	Gas	90,314
938	Other utility expenses	44,689
941	Ordinary maintenance and operations - labor	101,665
942	Ordinary maintenance and operations - materials and other	60,248
943	Ordinary maintenance and operations - contract costs	68,488
961	Insurance premiums	17,876
963	Bad debt - tenant rents	9,919
969	Total operating expenses	770,323
970	Excess of operating revenues over operating expenses	(54,959)
974	Depreciation expense	199,402
900	Total expenses	969,725
1001	Operating transfers in	35,000
1000	Excess of revenue over expenses	(219,361)
1103	Beginning equity	2,677,194
1104	Prior period adjustments, equity transfers and correction of errors	(1,480)
	Ending equity	\$ 2,456,353
1120	Gross number of units	2,088
1121	Number of unit months leased	2,017

GENERAL REVENUES BY SOURCES (1)
Last Ten Fiscal Years

Fiscal Year	Ad Valorem Taxes	Other Taxes	Intergovernmental	Licenses and Permits	Investment Earnings	Other	Total
1994	\$ 7,087,471	\$ 2,723,849	\$ 5,958,169	\$ 213,077	\$ 257,193	\$ 667,269	\$ 16,907,028
1995	13,289,041	2,909,596	5,914,050	314,877	557,107	754,933	23,739,604
1996	9,151,620	4,123,258	6,106,864	428,859	692,568	942,428	21,445,597
1997	12,260,848 (2)	3,277,607	6,386,457	531,976	843,213	1,060,840	24,360,941
1998	14,455,461	4,553,302	7,372,902	668,739	684,280	2,924,767	30,659,451
1999	25,257,541 (3)	5,580,693	7,479,726	837,125	1,340,896	2,399,393	42,895,374
2000	20,326,627	6,872,624	8,465,829	945,442	1,562,820	1,904,079	40,077,421
2001	23,579,177	8,936,432	9,338,374	908,844	1,825,950	1,799,135	46,387,912
2002	25,787,012	7,985,401	7,363,722	945,704	1,291,565	2,000,410	45,373,814
2003	26,363,349	8,098,765	9,573,441	1,548,846	567,965	2,097,822	48,250,188

(1) Includes General, Special Revenue and Capital Projects Funds.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

CITY OF CONCORD, NORTH CAROLINA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Cultural and Recreational	Planning and Community Development	Administration	Housing Assistance Payments
1994	\$ 1,897,390	\$ 7,833,344	\$ 4,196,724	\$ 1,968,220	\$ 725,117	\$ 250,795	\$ 1,126,760
1995	3,925,160	7,713,772	3,825,316	2,014,519	798,011	260,809	1,060,060
1996	4,126,480	8,828,176	4,625,812	2,316,844	827,126	231,245	1,154,236
1997	6,917,596	9,735,661	4,806,881	2,318,512	1,006,747	244,972	1,124,398
1998	3,031,140	10,675,497	6,974,713	2,411,488	1,132,798	246,124	1,318,229
1999	3,083,074	12,102,053	5,490,801	1,547,630	1,616,000	294,664	1,581,389
2000	2,451,277	13,995,533	6,029,347	2,356,494	1,648,904	420,118	1,974,644
2001	2,999,180	15,510,669	6,652,657	2,705,964	1,682,892	276,225	1,689,147
2002	3,422,366	17,450,440	6,311,292	3,030,065	3,113,589	394,144	2,676,489
2003	3,359,490	18,563,975	6,340,360	3,025,981	3,637,961	433,935	3,151,869

(1) Includes General, Special Revenue and Capital Projects Funds.

(2) Capital Projects Funds were not being utilized in 1993.

Table 2

Rehabilitation	Professional Services	Public Services	Public Facilities Improvements	Protective Services	Capital Outlay	Debt Service	Totals
(2)							
\$ 458,808	\$ -	\$ 60,968	\$ 1,325	\$ 232,264	\$ 8,575	\$ 100,161	\$ 18,860,451
268,243	-	89,968	34,645	208,706	184,200	1,298,691	21,682,100
271,579	-	45,221	44,744	192,258	856,924	1,421,178	24,941,823
356,165	-	30,927	32,524	60,419	769,445	1,841,653	29,245,900
589,756	-	11,000	2,443	40,156	1,775,464	4,549,765	32,758,573
502,003	-	21,426	3,375	113,590	10,129,283	2,105,535	38,590,823
423,092	-	87,743	-	128,924	9,746,141	3,063,391	42,325,608
736,203	-	11,585	-	76,563	10,547,291	3,532,915	46,421,291
760,562	-	41,252	-	-	16,720,834	5,680,788	59,601,821
953,413	39,112	-	-	19,222	5,675,625	4,976,559	50,177,502

CITY OF CONCORD, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy		Current Tax Collections	Percent of Levy Collected		Delinquent Tax Collections	Total Tax Collections
1994	\$ 7,160,356		\$ 6,943,028	97.0	% \$	177,912	\$ 7,120,940
1995	12,411,426	(2)	12,185,553	98.2		217,503	12,403,056
1996	9,315,562		9,035,356	97.0		210,888	9,246,244
1997	12,455,165	(1)	12,039,342	96.7		312,643	12,351,985
1998	14,634,954	(1)	14,226,166	97.2		305,993	14,532,159
1999	25,395,470	(3)	24,904,224	98.1		353,317	25,257,541
2000	20,628,680		19,899,697	96.5		428,176	20,327,873
2001	23,837,784		22,839,769	95.8		805,173	23,644,942
2002	25,719,073		25,068,758	97.5		848,706	25,917,464
2003	26,200,348		25,573,728	97.6		728,656	26,302,384

(1) Increase due to annexation.

(2) Increase due to discoveries for several years on the City's largest taxpayer.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

Table 3

Percent of Total Tax Collected to Tax Levy		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
99.4	% \$	606,860	8.5 %
99.9		615,230	5.0
99.3		684,548	7.3
99.2		788,032	6.3
99.3		890,827	6.1
99.5		380,640	1.5
98.5		1,005,564	4.9
99.2		1,157,029	4.9
100.8		1,324,014	5.1
100.4		1,221,978	4.7

TAXABLE PROPERTY ASSESSED VALUE
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property		Public Service Companies	Total Assessed Value	Ratio of Assessed Value to Estimated Value (2)
1994	1,331,371,899	402,056,399	(3)	40,226,371	1,773,654,669	-
1995	1,362,681,391	736,760,357	(4)	40,283,399	2,139,725,147	-
1996	1,470,303,756	578,264,032		40,956,447	2,089,524,235	-
1997	2,039,226,552	716,077,938	(1)	54,342,532	2,809,647,022	-
1998	2,040,104,999	1,066,777,777	(5)	62,191,757	3,169,074,533	-
1999	3,920,178,069	1,418,026,978	(6)	77,816,637	5,416,021,684	-
2000	3,338,326,673	1,462,334,330		75,546,547	4,876,207,550	-
2001	3,678,123,184	1,539,619,200		79,395,905	5,297,138,289	-
2002	3,954,204,079	1,632,640,703		103,038,552	5,689,883,334	-
2003	4,084,506,708	1,612,753,738		105,896,665	5,803,157,111	-

(1) Increase due to annexation.

(2) At the last revaluation in 1992, the ratio of assessed value to estimated actual value was 100%. While there should be some increase in estimated actual value each year, the City has no means to accurately measure the change in ratio of assessed value to estimated actual value. North Carolina law requires that the revaluation of property be completed every eight years.

(3) Increase due to N.C.G.S. 105-330 authorizing counties to bill and collect personal property taxes for licensed motor vehicles before vehicle registration can be renewed.

(4) Increase due to discoveries for several years on the City's largest taxpayer.

(5) Increase due to expansion of City's largest taxpayer

(6) Increase due to settlement of discoveries of City's largest taxpayer.

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City of Concord	Cabarrus County	Total
1994	0.40	0.58	0.98
1995	0.46	0.62	1.08
1996	0.44	0.56	1.00
1997	0.44	0.61	1.05
1998	0.46	0.66	1.12
1999	0.46	0.70	1.16
2000	0.42	0.59	1.01
2001	0.45	0.56	1.01
2002	0.45	0.56	1.01
2003	0.45	0.56	1.01

PROPERTY TAX LEVIES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City of Concord		Cabarrus County*	Total
1994	\$ 7,160,356		\$ 27,558,082	\$ 34,718,438
1995	12,411,426	(1)	36,557,964	48,969,390
1996	9,315,562		33,258,185	42,573,747
1997	12,455,165	(2)	36,273,701	48,728,866
1998	14,634,954		44,047,896	58,682,850
1999	24,829,090	(3)	63,851,333	88,680,423
2000	20,628,680		57,858,576	78,487,256
2001	23,837,784		63,486,700	87,324,484
2002	25,719,073		63,540,114	89,259,187
2003	26,200,348		64,433,348	90,633,696

(1) Increase due to discoveries for several years on the City's largest taxpayer.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

* Source: Cabarrus County Tax Department

PRINCIPAL TAXPAYERS**June 30, 2003**

Taxpayer	Type of Business	2003 Assessed Valuation	Percent of Total Assessed Valuation	Tax Levy
Philip Morris, Inc.	Tobacco	\$ 1,077,366,380	20.58 %	\$4,848,149
Concord Mills LTS Partnership	Developer/Mall	159,323,718	3.04	716,957
Charlotte Motor Speedway	Racing/restaurant	135,715,819	2.59	610,721
Concord Telephone Company	Utility (telephone)	65,226,193	1.25	293,518
Pass & Seymour/LeGrand	Electrical manufacturer	41,378,186	0.79	186,202
Hendrick Motorsports, Inc.	Motorsports	33,048,652	0.63	148,719
Bell/Sysco Food Services, Inc.	Food Distributor	30,356,620	0.58	136,605
S&D Coffee Company	Manufacturer/ Distributor	24,264,273	0.46	109,189
Concord Commons Ltd Partnersh	Developer	18,107,930	0.35	81,486
Fieldcrest Cannon	Towel & Sheet Manufacturer	17,879,928	0.34	80,460
		\$ 1,602,667,699	30.61 %	\$7,212,006

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2003

Total assessed value		<u>\$ 5,803,157,111</u>
Debt limit: 8% of total assessed value (1)		\$ 464,252,569
Gross debt:		
Outstanding general obligation bonds	\$ 6,820,000	
Notes payable	46,920,822	
Installment purchase notes	<u>2,059,668</u>	
	55,800,490	
Amount of bonded debt incurred		
for Electric, Water and Wastewater purposes	<u>5,959,390</u>	<u>49,841,100</u>
Legal debt margin		<u>\$ 414,411,469</u>

(1) Mandated by N. C. General Statute 159-55(c)

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

Fiscal Year	Population Estimate*	Taxable Property Assessed Value		Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio Net Bonded Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
1994	\$ 32,400	\$ 1,773,654,669		\$ 17,815,000	\$ 16,997,598	\$ 817,402	0.05 %	\$ 25
1995	33,017	2,139,725,147	(1)	16,410,000	15,648,445	761,555	0.04	23
1996	41,784	2,089,524,235		15,950,000	14,323,074	1,626,926	0.08	39
1997	42,431	2,809,647,022	(2)	14,760,001	13,250,890	1,509,111	0.05	36
1998	45,168	3,169,074,533		13,320,001	11,927,254	1,392,747	0.04	31
1999	46,488	5,416,021,684	(3)	11,900,000	10,622,165	1,277,835	0.02	27
2000	50,564	4,876,207,550		10,600,000	9,428,375	1,171,625	0.02	23
2001	56,280	5,297,138,289		9,320,000	8,253,135	1,066,865	0.02	19
2002	58,710	5,689,883,334		8,060,000	7,096,806	963,194	0.02	16
2003	59,791	5,803,157,111		6,820,000	5,959,390	860,610	0.01	14

(1) Increase due to discoveries for several years on the City's largest taxpayer.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

* Source: Office of State Budget and Management and City Annexation Records

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES**

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Debt Service Expenditures by Enterprise Funds	Total Debt Service (A)	Total General Expenditures (A)	Ratio of Debt Service to Total General Expenditures
1994	\$ 1,355,000	\$ 1,057,455	\$ (2,312,294)	\$ 100,161	\$ 18,860,451	0.5 %
1995	1,405,000	1,038,545	(2,341,659)	101,886	21,682,100	0.5
1996	1,395,000	966,335	(2,248,236)	113,099	24,941,823	0.5
1997	1,535,000	816,086	(2,150,063)	201,023	29,245,900	0.7
1998	1,440,000	801,760	(2,039,664)	202,096	32,758,573	0.6
1999	1,420,000	726,415	(1,951,920)	194,495	38,590,823	0.5
2000	1,300,000	656,539	(1,776,953)	179,586	42,325,608	0.4
2001	1,280,000	591,307	(1,699,020)	172,287	46,421,291	0.4
2002	1,260,000	523,625	(1,618,274)	165,351	59,601,821	0.3
2003	1,240,000	456,290	(1,537,866)	158,424	50,177,502	0.3

(A) Governmental Fund Types

COMPUTATION OF DIRECT AND OVERLAPPING DEBT**June 30, 2003**

Jurisdiction	Net General Obligation Debt Outstanding (1)	Percentage Applicable to City of Concord Taxpayers	Amount Applicable to City of Concord Taxpayers
City of Concord	\$ 6,820,000	100.00 %	\$ 6,820,000
Cabarrus County (2)	56,145,000	50.51	28,358,840
Total			<u>\$ 35,178,840</u>

(1) Includes general obligation debt expected to be paid from property tax revenues.

(2) Source: Cabarrus County Finance Department

REVENUE BOND COVERAGE
UTILITY DEPARTMENT
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Revenue Bond Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1994	\$ 37,928,935	\$ 29,834,677	\$ 8,094,258	\$ 825,000	\$ 2,065,760	\$ 2,890,760	2.80
1995	40,150,088	30,272,681	9,877,407	845,000	2,042,772	2,887,772	3.42
1996	45,850,021	33,879,543	11,970,478	870,000	3,308,607	4,178,607	2.86
1997	47,282,344	34,299,682	12,982,662	905,000	3,273,291	4,178,291	3.11
1998	49,544,867	36,741,960	12,802,907	940,000	1,895,447	2,835,447	4.52
1999	52,946,809	41,564,653	11,382,156	1,750,000	2,698,907	4,448,907	2.56
2000	60,776,843	43,428,038	17,348,805	1,845,000	4,450,364	6,295,364	2.76
2001	65,353,419	45,910,251	19,443,168	2,825,000	6,016,915	8,841,915	2.20
2002	63,347,022	50,959,787	12,387,235	2,950,000	5,885,931	8,835,931	1.40
2003	68,563,188	53,306,589	15,256,599	2,975,002	5,566,954	8,541,956	1.79

(1) Total operating revenues plus investment earnings exclusive of revenue bond investment earnings.

(2) Total operating expenses exclusive of depreciation and amortization.

(3) Includes principal and interest of revenue bonds only.

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Per Capita Income	(3) School Enrollment*	Unemployment Rate*	
1994	32,400	\$ 22,462	14,486	4.1	% **
1995	33,017	20,957	15,066	3.7	**
1996	41,784	21,200	16,451	3.3	**
1997	42,431	21,702	17,159	2.6	**
1998	45,168	22,304	17,844	2.3	**
1999	46,488	28,071	18,469	1.9	**
2000	50,564	23,895	18,237	2.6	**
2001	56,280	27,514	19,088	4.1	**
2002	58,710	27,855	20,900	5.6	**
2003	59,791	N/A	27,791	6.4	**

(1) Office of State Budget and Management and City Annexation Records

(2) Bureau of Economic Analysis website - www.BEA.doc.gov

(3) Per Cabarrus County Schools

* County Figures; separate figures for the City are not available

** Based on monthly average per Employment Security Commission of N. C.

N/A Not available

CITY OF CONCORD, NORTH CAROLINA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Total Assessed Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
1994	\$ 1,784,906,243	111	\$ 22,236,718	388	\$ 28,937,066
1995	2,139,725,147	76	22,731,523	374	28,984,743
1996	2,089,524,235	195	17,591,261	429	41,117,857
1997	2,809,647,022	179	16,110,000	663	57,762,783
1998	3,169,074,533	98	72,436,799	668	69,446,842
1999	5,416,021,684	202	106,101,215	1,055	93,856,395
2000	4,876,207,550	248	94,712,388	605	60,901,240
2001	5,297,138,289	160	86,361,433	762	60,286,147
2002	5,689,883,334	166	68,174,372	867	54,282,599
2003	5,803,157,111	117	69,934,895	543	52,220,972

(1) Assessed value from Table 4

(2) Source: Banking Division, State of North Carolina Department of Commerce

N/A Not Available

Table 14

Multifamily Construction		Bank Deposits (2) (in Thousands)	
Number	Value		
10 (54 Units)	\$ 4,978,222	\$	608,630
33 (320 Units)	5,522,000		586,561
36 (292 Units)	14,130,872		555,012
30 (247 Units)	9,096,500		658,283
31 (9 Units)	2,060,000		697,295
71 (904 Units)	24,994,654		758,333
23 (447 Units)	5,121,240		1,141,225
123	5,798,200		929,495
4 (7 Units)	10,951,916		1,062,557
8 (54 Units)	3,319,336		N/A

MISCELLANEOUS STATISTICAL DATA

June 30, 2003

Date of Incorporation 1796	<u>Population</u>	
Date of City Charter 1798	2003 Residents	
Form of Government, Council-Manager	Population	59,791
	Male	49%
	Female	51%
<u>Land Area</u>	Population by race:	
54.39 Square Miles	White	79%
	Black	15%
	Other Races	6%
<u>Elevation</u>	Age (Estimated):	
704 Feet Above Sea Level	(1-19)	17,155
	(20-34)	14,077
	(35-64)	21,925
	(65+)	6,634
<u>Climate</u>	Household size 2.61 per unit	
Average January Temperature	Census Households:	
High 49 degrees/Low 27 degrees	1990	11,671
Average July temperature	2000	20,962
High 90 degrees/Low 67 degrees		
<u>Transportation</u>	<u>Registered Voters</u>	
Major Highways:	August 1, 2003	36,302
Interstate 85	August 1, 2002	35,779
U. S. Routes 29 and 601	August 1, 2002	35,779
U. S. Routes 73 and 49	August 1, 2001	34,863
Rail:	August 1, 2000	35,485
The City is served by Southern Railway Company	September 1, 1999	33,817
Air:	September 1, 1998	31,836
Charlotte Douglas International Airport is	September 1, 1997	30,126
approximately 25 miles from the City	July 1, 1996	28,732
Concord Regional Airport - scheduled service	June 1, 1995	21,040
Ground:		
Greyhound and Trailways bus services	<u>Economy</u>	
Privately-owned taxicab service	Labor Force, June 2003	75,880
Charlotte Area Transit Service (CATS)	Employed Residents, June 2003	71,052
	Unemployed Residents, June 2003	4,828
	Unemployment Rate, June 2003	6.4%

MISCELLANEOUS STATISTICAL DATA (Continued)**June 30, 2003**

<u>Fire Protection</u>		<u>Motels/Hotels</u>	<u>Units</u>
Stations	8	Affordable Efficiency Suites	29
Firemen and officers		Concord Hotel	35
(exclusive of volunteer firemen)	138	Days Inn Concord	80
Administration	17	Hampton Inn at Copperfield	102
		Hampton Inn at Speedway	125
		Hawthorne Suites	84
<u>Police Protection</u>		Holiday Inn Express at Concord Parkway	95
Station (plus 4 substations)	1	Holiday Inn Express at Speedway	79
Policemen and officers	129	Mayfair Motel	54
Administration	19	Rodeway Inn	32
		Sleep Inn at Copperfield	82
<u>Communications</u>		Sleep Inn at Gateway	119
Televisions: All major networks plus Cablevision		Wingate Inn	93
Local Newspaper:		Springhill Suites	95
Independent Tribune		Comfort Suites	84
Cabarrus Neighbors		Suburban Lodge	101
Regional Newspaper:			
Charlotte Observer			
		<u>Public Recreation</u>	
<u>Miles of Streets</u>		Acreage approximately	120.0
Paved	336.10	Facilities (City-owned):	
Unpaved	4.60	Parks	13
		Playgrounds	14
<u>Education</u>		Gymnasiums	3
Public Schools:		Basketball Courts	9
Elementary	15	Tennis Courts	14
Middle School	6	Playing Fields	28
High School	5	Swimming Pools	1
Long School Exceptional Childrens Center	1		
Parochial and Private Schools	4	<u>Utilities</u>	
Higher Education:		Telephone Concord Telephone Company	
Located within the City is the Rowan-Cabarrus		Electric City of Concord	
Community College, Cabarrus College of Health		Electric Duke Energy Corporation	
Sciences, Louise Harkey School of Nursing and		Gas Public Service Company	
Barber Scotia College		Water City of Concord	
		Sewer City of Concord	

MISCELLANEOUS STATISTICAL DATA (Continued)

June 30, 2003

<u>Housing</u>		<u>Scope of Government</u>	
Estimated Housing Units	24,477	Full-time City Employees	915
Single-family housing units	18,245	Part-time City Employees	18
Manufactured homes	1,400		
Multi-family housing units	709	<u>Financial Institutions</u>	
Townhomes	42	Commercial Banks	8
Condominium apartment units	234		
Rental apartment units	3,847		
Average Assessed Value of Single-family housing units	\$ 120,469		
Average Assessed Value of Condominium Apartments	\$ 99,500		
Average Rent, One-Bedroom Apartments	\$ 654		
Average Rent, Two-Bedroom Apartments	\$ 736		
Average Rent, Three-Bedroom Apartments	\$ 970		
Public Housing Units	174		
Publicly-Assisted Housing Units	400		
<u>Medical Facilities</u>	<u>Beds</u>		
Hospitals:			
Northeast Medical	457		
Nursing Homes:			
St. Andrews Center	56		
Universal Health Care	120		
Brian Center	110		
Five Oaks Nursing Center	184		
Avante' at Concord	120		

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and City Council
City of Concord
Concord, North Carolina

We have audited the basic financial statements of the City of Concord, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit the financial statements of the City of Concord ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board is based solely on the report of the other auditors.

Compliance

As part of obtaining reasonable assurance about whether the City of Concord's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Concord's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of City of Concord in a separate letter dated September 23, 2003.

This report is intended solely for the information and use of management, others within the organization, members of City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greensboro, North Carolina
September 23, 2003

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

To the Honorable Mayor and City Council
City of Concord
Concord, North Carolina

Compliance

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. The City of Concord's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Concord's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Concord's compliance with those requirements.

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of Concord is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Concord's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, members of City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greensboro, North Carolina
September 23, 2003

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE
MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

To the Honorable Mayor and City Council
City of Concord
Concord, North Carolina

Compliance

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2003. The City of Concord's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Concord's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Concord's compliance with those requirements.

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of Concord is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Concord's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, members of City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greensboro, North Carolina
September 23, 2003

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Financial Assistance					
U. S. Department of Housing and Urban Development:					
Direct Programs:					
Community Development Block Grant/Entitlement	14.218	B-99-MC-37-0012	\$ 35,555	\$ -	\$ -
	14.218	B-00-MC-37-0012	264,018	-	-
	14.218	B-01-MC-37-0012	337,705	-	-
	14.218	B-02-MC-37-0012	82,852	-	-
			720,130	-	-
Home Program - Program Income	14.239	M-99-DC-370209	9,693	-	-
	14.239	M-00-DC-370209	46,392	-	-
	14.239	M-01-DC-370209	230,950	-	-
	14.239	M-02-DC-370209	50,324	-	-
			337,359	-	-
Public Housing: Operating subsidy	14.850	A-3249	759,651	-	-
Comprehensive Improvement Assistance	14.852	NC19P00850102	35,000	-	-
	14.852	NC19P00850101	181,138	-	-
	14.852	NC19P00850100	18,530	-	-
			234,668	-	-
Public Housing Drug Elimination	14.854	NC19DEP0080101	19,223	-	-
Section 8, Housing Assistance Payments Housing Vouchers	14.871	A-3344-V	3,415,884	-	-
U.S. Department of Justice					
Direct Program:					
Teleconferencing project	16.710	EM W2002FG06422	305,524	-	130,939
Gas masks	16.710	2002LBBX2228	16,301	-	-
Cops in school	16.710	2002SHWX0530	30,404	-	-
Traffic calming	16.710	2001LBBX4298	4,365	-	436
Universal hiring grant	16.710	2000UM WX0155	75,162	-	27,600
Department of Secret Service	16.710	-	1,924	-	-
			433,680	-	158,975

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued) Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Emergency Management Agency					
Direct Program:					
Public assistance grant	83.544	-	688,712	-	-
U. S. Department of Transportation					
Passed through North Carolina Department of Transportation:					
Airport Program:					
Airport Construction	20.106	9.9266012	181,866	-	20,207
Runway Construction	20.106	9.9966000	686,685	-	76,298
Land Acquisition	20.106	9.9266011	150,000	-	16,667
Land Acquisition	20.106	9.9866021	500,000	100,000	25,000
Land Acquisition	20.106	9.9243001	1,350,000	-	150,000
			2,868,551	100,000	288,172
Transit Planning and Research	20.514	TCSP-1004	41,914	-	-
Federal Transit: Metropolitan Planning Grant	20.505	-	-	188,289	43,947
U.S. Department of Environmental Protection Agency					
Direct Program:					
Brownfield's Coop Agreement	66.811	BP-97408300-0	2,502	-	-
Total federal awards			9,522,274	288,289	491,094
State Financial Assistance					
Department of Transportation:					
Powell Bill	N/A		-	1,345,212	-
North Carolina Department of Cultural Resources:					
Parks and Rec. Trust Fund	N/A		-	45,378	45,378
Total state awards			-	1,390,590	45,378
Total federal and state awards			\$ 9,522,274	\$ 1,678,879	\$ 536,472

CITY OF CONCORD, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended June 30, 2003

(1) General

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Concord, North Carolina and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

(2) Relationship to Basic Financial Statements

Federal and state financial assistance revenues are reported in the City's basic financial statements as follows:

	Intergovernmental Revenues	Operating Grants	Capital Contributions	Total
Federal assistance:				
General fund	\$ 152,391	\$ -	\$ -	\$ 152,391
Special revenue funds:				
Housing assistance	3,415,884	-	-	3,415,884
Community development	720,130	-	-	720,130
Drug elimination	19,223	-	-	19,223
Brownfield Coop	2,502	-	-	2,502
Home	337,359	-	-	337,359
Firefighter grant	305,524	-	-	305,524
Transportation	41,914	-	-	41,914
Enterprise funds:				
Regional Airport	-	-	2,968,551	2,968,551
Housing Department	-	759,651	-	759,651
CIAP	-	234,668	-	234,668
Total federal	4,994,927	994,319	2,968,551	8,957,797
State assistance:				
General fund	1,578,879	-	-	1,578,879
Total state	1,578,879	-	-	1,578,879
	\$ 6,573,806	\$ 994,319	\$ 2,968,551	\$ 10,536,676

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2003

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness identified? ☐ yes ☒ no
- ◆ Reportable condition identified that are not considered to be material weakness? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal program:

- ◆ Material weakness identified? ☐ yes ☒ no
- ◆ Reportable condition identified that are not considered to be material weakness? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal program: Unqualified

Any audit findings disclosed that are required to be

accordance with section 510(a) of Circular A-133? ☐ yes ☒ no to be reported in

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.871	Section 8 Tenant – Voucher Program
16.710	COPS MORE Program
83.544	Federal Emergency Management Agency
20.106	Airport Program

Dollar threshold used to distinguish between Type A and Type B programs ☐ \$300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2003

State Award

Internal control over major State program:

- ◆ Material weakness identified? ☐ yes ☒ no
- ◆ Reportable condition identified that are not considered to be material weakness ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major State program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ☐ yes ☒ no

Identification of major State program: Department of Transportation, Powell Bill

Section II. Financial Statement Findings

None reported

Section III. Federal and State Award Findings and Questioned Costs

None reported

CITY OF CONCORD, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2003

There were no prior year audit findings.